

A USEFUL LOOK AHEAD FROM WASHINGTON

MAY 1972

Nation's Business



DEATH OF AN
INDUSTRY?

When you
buy a building,
you want a
finished facility ready for business



Armco Building Dealers: Norstok Steel Building Co., Orange, Texas

That's what you get from Armco

We put up businesses, not just buildings. So with the Armco Building System you get more than just a building shell. This is how we do it.

A network of Armco Building Dealer/Contractors across the nation provide one responsible source for your building/business requirements. You need only deal with one firm. Then we learn as much as we can about your business

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Different? Yes, the Armco Building

System is different, but it has to be. There's more to putting up a business than just putting up a building.

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The Unconventional Building System



Allstate makes it as easy to buy insurance on your business as it is on your home.



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We've figured out a way to combine just about every form of insurance from business income protection to liability coverage to vandalism protection. All you do is select how much protection you need in each area and remove

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It's simple. One policy, one agent, one company and one premium.

There are already over 250,000 businesses insured by Allstate. Practically every kind of business there is.

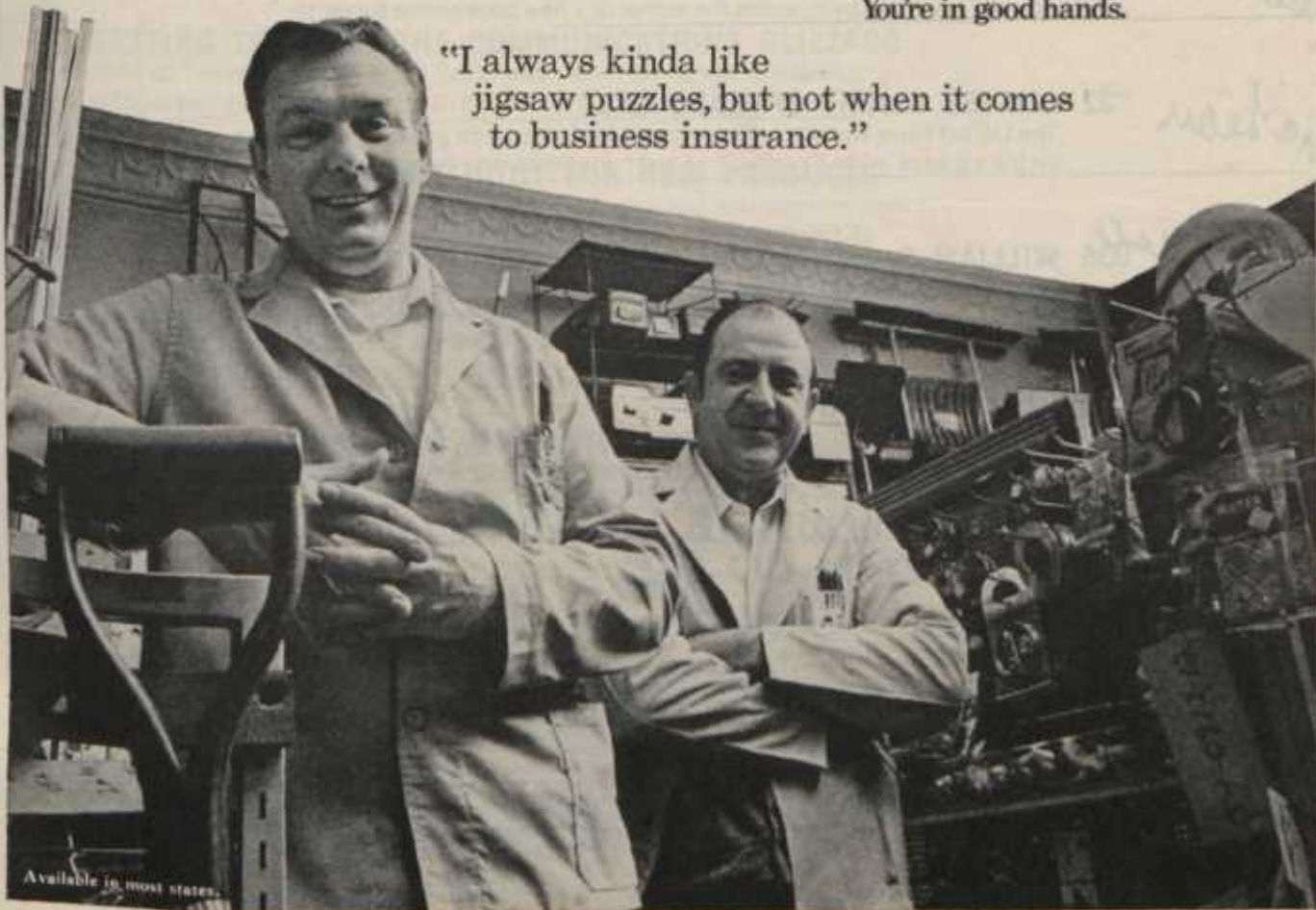
Next time you buy business insurance, you don't have to try and piece together a bunch of policies like a jigsaw puzzle.

Just call
Allstate.

Allstate

You're in good hands.

"I always kinda like
jigsaw puzzles, but not when it comes
to business insurance."



Available in most states.

Nation's Business

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Cover: Sculpture by Charles Mendez (Photo: Jan Francis)

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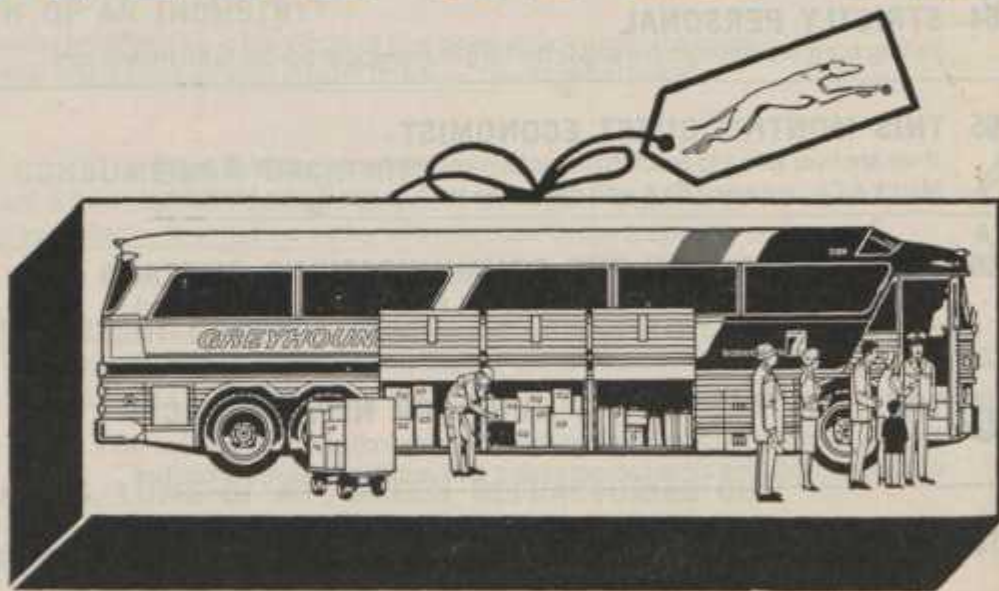
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shipment
on the
bus.**

Greyhound Package Express 

FOR MOVING A HOUSEHOLD, LEAVE THE MOVING TO GREYHOUND VAN LINES.

Memo From the Editor

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20006

You may wonder why we're concerned about the problems of the broadcasting industry (see cover). After all, radio and TV are tough competitors of magazines for the advertising dollar.

We just don't feel that the government should threaten extinction of any industry. Furthermore, the perfectly ridiculous government proposal for "counteradvertising" threatens all advertisers (and what businessman isn't an advertiser?) as well as magazines and other media.

Arch N. Booth, Executive Vice President of the Chamber of Commerce of the United States, puts it this way:

"If the FCC embraces the concept of 'counteradvertisements' as recommended by the Federal Trade Commission, America's whole marketing system will be jeopardized.

"The economic and social interests at stake in the production and distribution of goods and services are too great to risk this kind of haphazard government regulation, which the National Chamber denounces as a form of vigilante action.

"There can be no fair government regulation of deceptive advertising if individuals or groups are permitted to attack products and services in broadcast advertising. Would those doing the counteradvertising be required to meet the rigid standards laid down by the Trade Commission law? What protection would the public have from deceptive statements they might make?

"We hope the FCC firmly rejects this 'counteradvertising' scheme."

Another threat to business that hasn't been getting the attention it deserves is the attempt of Cesar Chavez's union to organize farm workers in Florida. You may recall that it managed to sharply cut sales of California grapes a few years ago, and finally forced many of the producers out there to unionize. *Nation's Business* was among the first to publicize that campaign and as a result we were picketed.

Now the threat is to citrus and sugar cane producers. If the union can successfully boycott one farm product after another, we can all be hurt. There's a lot of hollering about food prices but nobody's pointed out that they are bound to go higher if Mr. Chavez gets his way. A report on the Florida effort is on page 32.

Since *Nation's Business* serves all sizes of companies in our country, small as well as large, we recently began publishing a column by the government's Small Business Administration (it's on page 20 this month).

SBA also promotes an annual "Small Business Week" to underscore the importance of the smaller enterprise.

This year it asked Associate Editor Henry Altman to participate in selecting a Small Business Week poster (see below).



For a glimpse at an altogether different kind of "business," you'll be interested in the article on page 50. It's an exclusive peek behind the Bamboo Curtain at Chinese industry and commerce, written for us by William M. Ringle, a Washington correspondent for Gannett News Service who accompanied President Nixon on his trip to Red China. He took the photos, too.

A few months ago we published a measure of how much one billion dollars amounts to.

Now C.I.T. Financial Corp. comes up with a measurement for \$100 billion, which is the amount of financing it has done in the past 20 years. In dollar bills, \$100 billion would reach to the moon and back 20 times.

It would also provide \$480 in cash for every man, woman and child in the U.S.

And the federal spending figure for the new fiscal year is more than \$246 billion!

Jack W. Boardridge

Letters

Unfair to Taxpayers?

• I resent all the elected politicians who take time off (often months) to campaign for another office.

This is unfair to the taxpayers whom they are supposed to be representing.

They draw handsome salaries for representing the people. They are supposed to be present to debate or vote upon any and all legislation as it comes to the floor.

To me, their absence is a swindle and I would like to see something done to correct it.

I recommend that these legislators be paid on a monthly basis, and only for the days they are present for roll call.

FRANK DICKS
President
C. O. Dicks Co.
Philmont, N.J.

Reflecting on diamonds

• Peter Weaver's item "Valentine Sparklers—Real and Fake" ["Strictly

Personal," February] was, at least, poorly researched. I would like to explain for the benefit of the readers that, as Mr. Weaver said, the consumer should go to the dominant diamond dealer in his area to get expert guidance when selecting a diamond, but that it is unfair to say that improperly cut diamonds are being palmed off on the public.

Putting the issue in a better perspective: The public prefers a diamond with a slightly larger table than the one recognized as being ideal (53 per cent of the diameter of the girdle) because it, in fact, does give a greater reflective surface. However, the ideal make (cut) is indeed most rare. The preponderance of round diamonds are cut with a 60 per cent plus table because of the demand. Mr. Weaver related that a top quality one-carat diamond costs around \$2,500, but if you purchase a .95-carat diamond (I am assuming Mr. Weaver is referring

to an equal quality and color) it might cost half of the \$2,500. The cost difference between a .95-carat and a 1.05-carat diamond would not be more than 12 to 15 per cent per carat.

Lastly, the Y.A.G. (yttrium aluminum garnet) is not a synthetic diamond. It does not possess any of the characteristics of a diamond chemically. The only optical similarity between the two is that they are singly refracted. Let's be kind to the jewelers. They are often victims of misinformation.

AUBREY FLICK
Superior Diamond Division
Jewel Box Stores Corp.
New York, N.Y.

An undeserved obituary

• It has been called to my attention that, though I am quoted as saying otherwise in "Traps for the Country Club" [March], Deepdale Country Club is alive, financially well, and

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No obligation.

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For the deal, send us this ad. A Royal sales representative will show you and your secretary just how phenomenal the Royal 970 is. And if you buy one 970, we'll give you \$60 off the price of a new electric portable. Buy two 970's, and you can save \$120 (that's a Royal electric portable for only \$14.95). You can't lose, and the people who type for you can't lose either. Offer limited. Act now.

Royal Typewriter Company, Dept. 510
150 New Park Avenue
Hartford, Connecticut 06606

I'm interested in your deal. Show me how the Royal 970 beat the IBM.

Name _____
Address _____
City _____
State _____ Zip _____

Offer limited to four 970 typewriters purchased at standard list price. Available through your Royal branch or participating dealers.

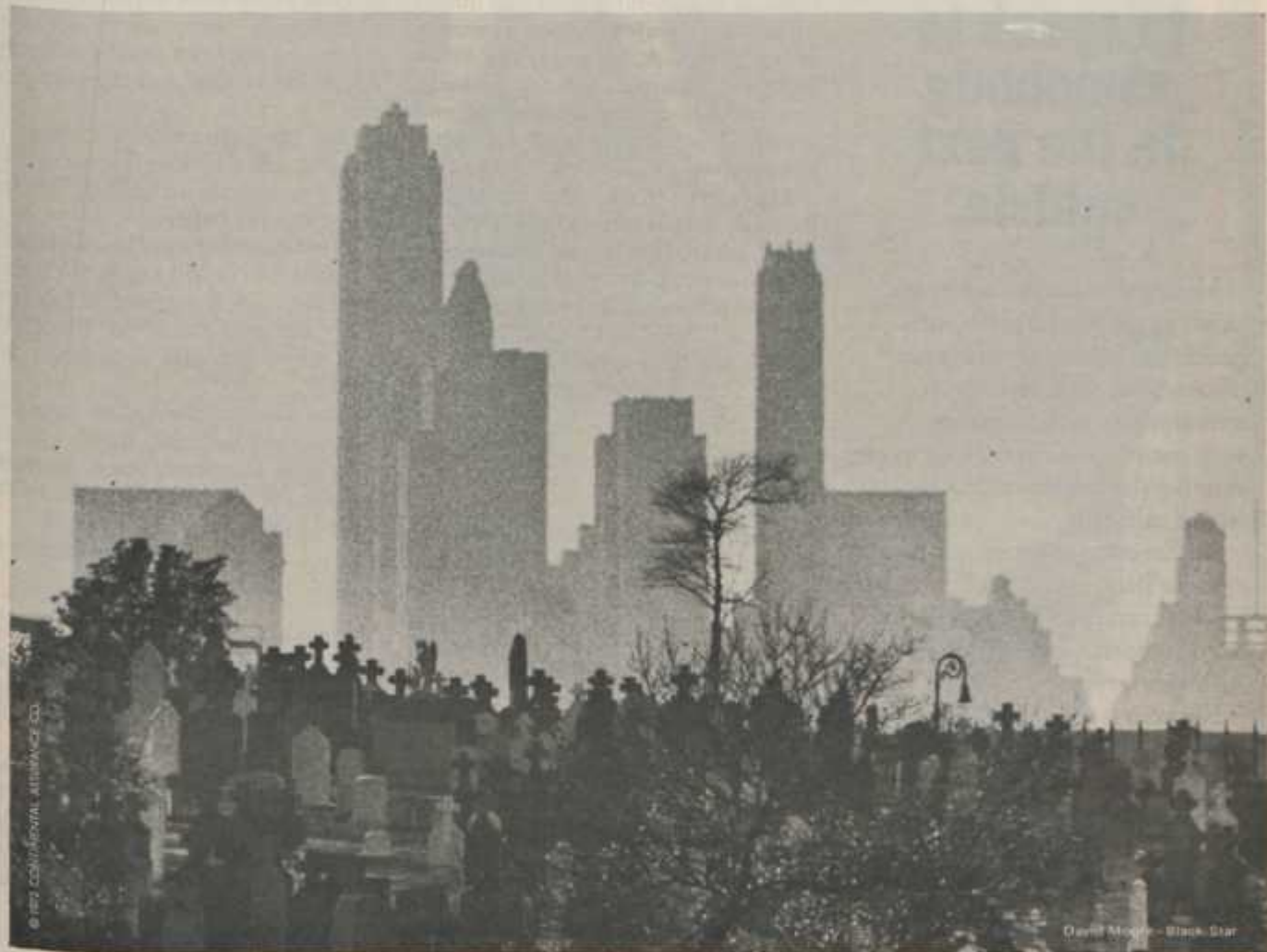


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In an unsure business world, Continental life insurance helps reduce the impact of loss of valuable people. Through key man insurance, retirement plans for owners and employees, stock-buy-out and partnership agreements which include disability protection, there is security for persons and families, and promise of continuity for businesses.

And your independent agent provides this business-related life insurance on the same "serve you first" basis as his personal and family plans. 

There's a better life in an unsure world with more kinds of life, disability income, retirement and group insurance from inventive Continental, the No. 1 choice of insurance pros.

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CONTINENTAL ASSURANCE CO.
A PART OF CNA FINANCIAL CORPORATION

25 billion calls a year are made to speak to somebody in the next cubicle.

More and more businesses are handling these *inside* calls with Executone Intercom—the more efficient, less expensive way to communicate with people inside your company. You continue to use your regular telephone, but for *outside* calls only.

An Executone system quickly pays for itself. Because it helps your business run more smoothly, cuts overhead costs, and improves customer service.

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☐ Have your representative phone for an appointment.

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Letters *continued*

flourishing on Long Island, New York.

A check of our records here indicates that Deepdale Country Club suffered considerable land loss due to expressway condemnations a number of years ago. Apparently, the information on partial loss of property was garbled during transmittal and article development, and Deepdale has received an undeserved obituary.

I have been in communication with the club and confirmed the facts as noted above. It is indeed unfortunate that this error occurred in an otherwise excellent article, which presented an accurate picture on the very serious challenges that clubs face.

KENNETH W. EMERSON JR.
*Executive Director
National Club Association
Washington, D.C.*

More on VAT

• Simple arithmetic would seem to indicate that the value-added tax ["The ABC's of VAT," March] is, in fact, a sales tax of 5 or 6 or 10 per cent which, regardless of the fact that it is collected at several points, is still paid by the consumer.

Being no economist, just a taxpayer, logic tells me that no matter how you name it, or how you collect it, taxes come from a small percentage of the population. When you add government workers and welfare recipients (not necessarily synonymous), someone has to pay the tax to support them.

Would it be too simple to run the government the way I run my business? We buy what we can afford, and don't buy what we don't have the money to pay for.

W.J. LA PERCH
*President
Interseco, Inc.
Los Angeles, Calif.*

• I am frankly appalled that NATION'S BUSINESS, supposedly a major and responsible spokesman for the U.S. business community, would publish that self-deluding article.

This is possibly the worst and most regressive form of taxation ever inflicted on any people. This is one European import the U.S. can well do without, which is why it has been roundly rejected by the Congress every time, since the 1921 inception, that it has reared its ugly head.

"Value-added tax" is it? Nonsense! This tax adds no value to anything. This is that dirty old bird, the ad valorem tax (a tax added to the price at every level of production and processing), that every schoolboy economist has been taught to despise for its oppressive and regressive nature.

One final aspect to VAT that we are not going to like: Increased federal bureaucracy and less efficient use of our tax dollars.

The Administration has repeatedly stressed that it will apply VAT revenues to "force reductions in local and state property taxes to the extent that these are used to support systems."

This means, clearly, an increased federal bureaucracy living off the "VAT of the land," and increased federal meddling in local and state school systems.

PHILIP S. LE DUC JR.
*Le Duc Associates
Bedon, Va.*

To make more jobs

• Your article "Where Will the Jobs Be?" [March] says that agriculture will keep right on declining in the '70s.

If this trend continues for another 10 years there will be no jobs for many. All known sources of manufacturing must have a raw material, and 70 per cent of raw materials come from farm products.

All food processing plants are working directly for agriculture, and this includes meat packers, flour mills, bakeries, canneries and milk plants.

The lumber industry and clothing manufacturers also are working directly for agriculture.

All these industries process farm products.

What is needed to create jobs and a stable economy is 100 per cent of parity on all raw materials.

Raw products are the only known source of new wealth, and without new wealth the economy cannot grow. One dollar of new wealth creates seven dollars of gross income for the nation. This in turn will create the jobs we need.

CHARLEY A. BOYLE
*Spokane County Chairman
National Farmers Organization
Deer Park, Wash.*



After we stick our nose in, we stick our neck out.

That's what makes us different from other companies selling lubricants to industry.

Anybody can look over your operation. We not only dig deep into it—we make a commitment. If we can find a way to help you save money, we tell you how much. In advance. In writing.

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As a rule, actual savings run about twice what we estimate. *Last year our customers saved, on the average, \$2.06 for every dollar we predicted.*

And these savings usually add up to a lot more than our products cost. *A typical example is a paper mill that saves \$82,415 a year with*

about \$32,000 worth of lubricants.

You can't lose. So call W. A. Mareneck at (212) 883-3811 and ask him to stick our nose in—and our neck out. Or write him at Mobil Oil Corporation, 150 East 42nd Street, New York, N.Y. 10017.

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Left to right: William L. Heartwell, Jr., Employment; Linwood Holton, Governor; William H. Forst, Tax; Douglas B. Fugate, Highways; William B. Robertson, Minorities; J. Frank Alspaugh, Industrial Development; Dr. Dana B. Hamel, Community Colleges; Admiral Ephraim Holmes, Ports; Maurice B. Rowe, Agriculture.

Thanks for giving us the business.

We mean it.

Between 1960 and 1970, manufacturers spent almost \$3 billion for new plants and equipment in Virginia.

These new facilities, over 1,800 of them, created over 100,000 new jobs.

So you see, Virginia's economy expands every year.

But then it has to. We have to create jobs for more than 50,000 Virginians who are ready to join the state's work force each year.

All of which leads to Virginia's balanced system for intelligent growth.

And the part our stable state government plays in the system.

It's concerned about businesses in Virginia.

Old and new.

And you and your business will get all the help you need.

That's why we make sure you get industrious people specially trained at our expense for your

business. Fair and equitable taxes.

And one of the nation's most innovative and efficient inter-modal transportation networks. From one of the nation's most conveniently located states. Right in the middle of the Atlantic Coast.

All of these are parts of our system for balanced growth.

And it's Virginians who make it work. With their attitude and initiative.

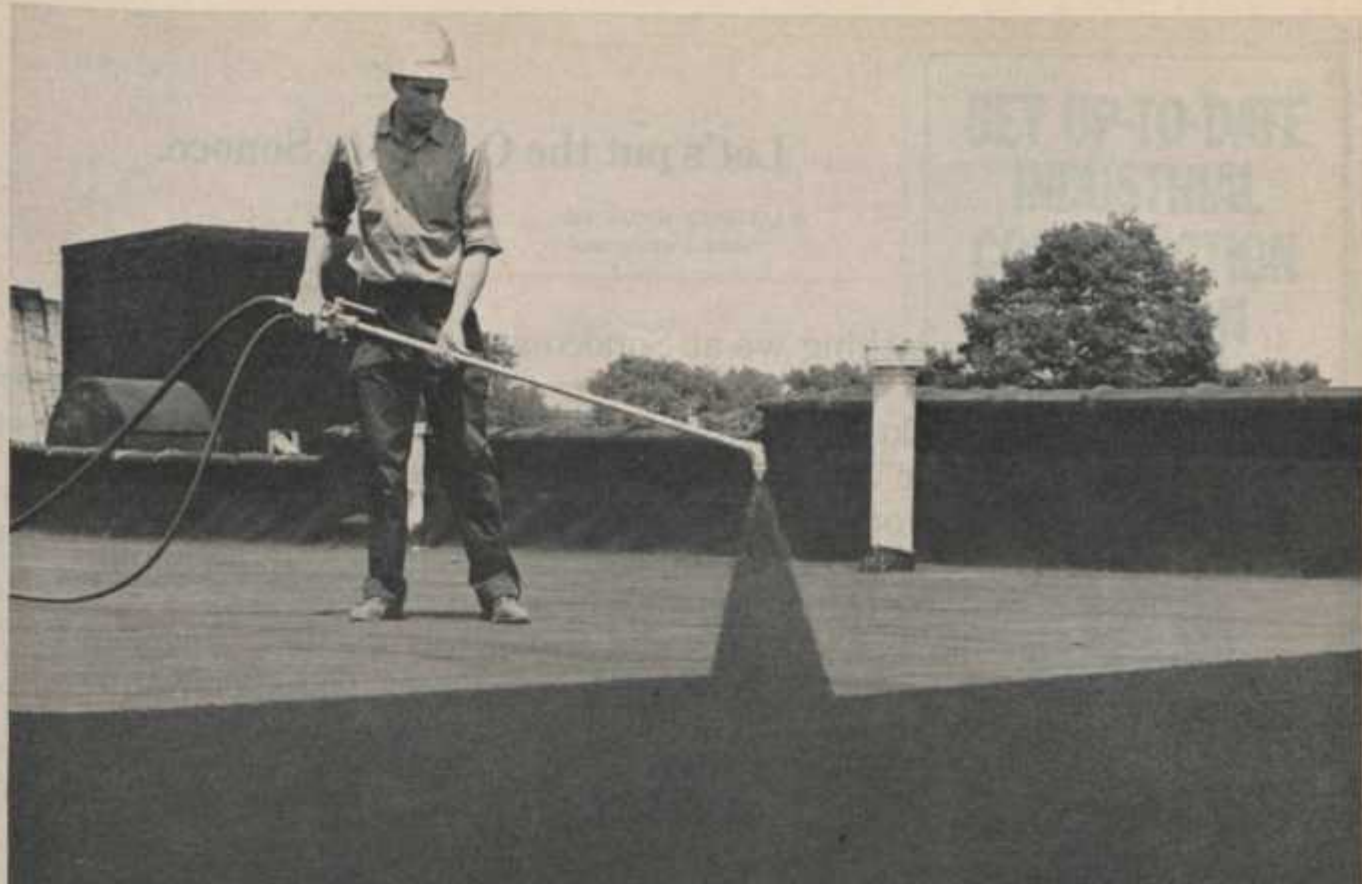
And it's also Virginians who make our state government so stable.

So if you're already doing business in Virginia, thank you.

If not, you're very welcome.

Let Frank Alspaugh tell you about Virginia. He's the Director of the Division of Industrial Development. Write to him at the Governor's Office, 1064 State Office Building, Richmond, Virginia 23219.

Virginians
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SAVE THE HIGH COST OF ROOFING CONTRACTORS

Our cost conscious Engineering Department has developed and proven a new spray system that will save you up to 80% on your yearly roof maintenance program. Let us answer some questions about it.

HOW DOES IT WORK?

We loan you **FREE OF CHARGE** a complete R-5 Roof Spray Kit, valued at \$1,310.00. Our Roofing Engineer instructs your men on the set up and use of the equipment and supplies them with the required "Roofing Know-How". The R-5 Roof Spray Equipment pumps our plastic sealant from drums on the ground and sprays it evenly over the roof's surface. The plastic sealant, R-11 Shield-Tite® Roof Preserver, penetrates into the existing roof felts, renewing them to a soft, pliable state. It also forms a seamless, weatherproof top-dressing to protect your roof from the elements for years to come.

HOW CAN IT SAVE SO MUCH MONEY?

The major expense of a roof job done by conventional methods is **LABOR**. The R-5 Roof Spray System reduces labor to a minimum and utilizes your own men at normal labor rates in preference to contractor's premium labor rates. This new system totally eliminates: (1) the many expensive man-hours involved in heating and hauling pail after pail of hazardous, hot materials to the roof; (2) the many expensive man-hours involved in hauling and spreading tons of gravel onto the roof; and (3) the

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A three man crew of your own, unskilled men using an R-5 Roof Spray Kit will cover approximately 35,000 sq. ft. of roof in an 8-hour day. If you want to double this production, simply request an additional R-5 Roof Spray Kit. We will be glad to oblige...at **NO CHARGE**, of course.

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☐ Please send details on R-5 Roofing System

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CITY, STATE, ZIP _____

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(area code) (number)

Let's put the O back in Sonoco.

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But people keep spelling it with a U instead of an O. Which is not just another way to spell Sonoco. It's another company.

So to help you remember who we are, we'd like for you to remember, one: we don't pump gas for a living. And, two: our business is making things out of paper and plastics.

Things like cones, cores and spools for textiles. Cores and tubes for paper manufacturers and converters. Cans, containers and folding cartons for packaging. Column forming tubes and underground pipe for construction. And underground vaults for the utility industry.

What's more, each of the thousands of products we make is developed in some of the largest and most complete laboratories in the paper, cone and tube industry: our own. And none of them go to consumers. Because all our products are made to solve specialized industrial problems.

We'd like to tell you more about all the things we do. If you'll write Sonoco Products Company, Department NB, Hartsville, S.C. 29550, we'll

send you a copy of our capabilities booklet.

Because other than our name, there's at least one product we want to be remembered by.

The one we can make for you.



Sonoco Products Company.
Innovators in paper
and plastics.



Executive Trends

BY JOHN COSTELLO
Associate Editor

Everything but the squeal

That's a boast packers used to make.

The squeal, they said, was the only part of the pig they didn't turn into a useful product.

Other industries have caught on, too.

Brewers and distillers find that used grain makes a profitable by-product—animal feed. Cheese-makers do the same with whey.

A TNT plant sells waste sodium sulfate to pulp mills. And the mills sell the oil industry a material called "drilling mud," which they extract from tree bark.

"Turning a waste product into a profit can be one of the bright sides of pollution control," says Dr. Richard K. Schmidt, industrial waste products manager for the Smith & Loveless affiliate of Ecodyne Corp.

Soon, he says, every plant manager must ask: "How can we comply with stringent water pollution control laws, without taking a bath in red ink?"

Here's a five-step program his firm recommends:

1. Survey plant waste.
2. Reduce it as much as possible by minor changes in plant operation.
3. Make a laboratory study of the

remaining waste to find out the best way to treat it.

4. Set up a pilot waste treatment plant.

5. Install a permanent waste treatment system.

"Each plant, of course, is different," Dr. Schmidt says.

"And the job can require large capital investment, with little or no chance for income in return.

"That's why a systematic approach makes sense. It can trim costs—and maybe bring in a dollar or two in by-product sales."

Boom market in boo-boo insurance

Doctors, dentists and board members aren't the only ones who get sued.

In this litigious age, few are immune. For example:

- In New York, a used car dealer wanted theft coverage on his lot. His insurance agent failed to tell him promptly that it was no dice.
- Another agent's wife took a phone message. A man said he'd bought a new car and wanted her husband to write a policy to cover it. She forgot to tell hubby.

Both agents were sued for damages—and lost.

They made mistakes.

That's why the National Associa-

GET UP-TO-DATE INDUSTRIAL CONSTRUCTION COSTS ON VIRGINIA NORTH CAROLINA SOUTH CAROLINA GEORGIA ALABAMA FLORIDA



We've put together a detailed brochure that includes illustrations and construction data on 20 recently completed buildings in the region, ranging in cost from \$2.25 to \$11.80 per square foot. For your copy, write:

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Industrial Development, Dept. F,
Seaboard Coast Line Railroad,
Jacksonville, Florida 32202.

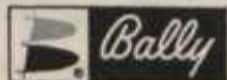
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• Simple to relocate • Low in
cost • Subject to investment
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Address all correspondence to Dept. 300-B.

My Roger makes me so proud. First he went to college and got his degree. Now he's going to night school to be a lawyer. And during the day he works as a Kelly Girl® temporary so that he can make ends meet.

Could anyone ask for a finer son?

I was a little surprised when Roger told me he was joining Kelly Girl. I knew they offered girl temporary

help—I worked as a Kelly Girl temporary myself to help Roger through college.

But Roger told me Kelly Girl has lots of men, too—stenographers, bookkeepers, business machine operators, typists, file clerks, etc.

You name it. Kelly Girl has it. And if they're smart enough to hire men like my Roger, they must be some company.

Kelly Girl



**My son,
the Kelly Girl
typist.**

Executive Trends

continued

tion of Mutual Insurance Agents sells errors and omissions insurance to its members. The market is booming.

"You can get a \$100,000 policy," a spokesman says, "with \$1,000 deductible, for as little as \$144 a year.

"That's for a one-man shop.

"The bigger the shop, the higher the premium.

"For a five-man agency, it's \$271, or for a 10-man agency, \$445."

A \$100,000 policy is about the average size, NAMIA says. But it also has a \$5 million dollar model, meant for the kind of guy who could make really big mistakes.

College freshmen get the word

The word is: Head for the professions.

Medicine, dentistry, law and nursing are in.

That's what a recent survey by the American Council on Education shows.

Evidently, stories about jobless refugees from the aerospace industry have been well-read.

In a continuing trend, fewer and fewer college kids point toward careers as scientists, mathematicians or engineers.

Here are the proportions of this year's freshmen class who picked their probable majors in those fields—and a comparison with earlier years.

Major field of study	Per cent 1971	Per cent 1970	Per cent 1969	Per cent 1968
Engineering	7.2	8.6	10.2	9.8
Physical sciences	2.0	2.3	2.5	2.7
Math and statistics	2.7	3.3	3.5	4.0

By contrast, 4.4 per cent said medicine or dentistry was their career choice, compared to 3.7 per cent in 1968; for nursing, it was 4.1 per cent vs. 2.7 per cent in 1968; and for law, 4.3 per cent vs. 3.4.

But as a career choice, teaching suffered worst.

Only 15.4 per cent of this year's freshman class plan to become elementary or high school teachers.

In 1968, 23.5 per cent did.

And maybe even this is too many. Last year, some 230,000 newly



After she's typed the same thing on payrolls, 941 forms, invoices, time cards, letters and envelopes, how much secretary have you got left?

You're left with a secretary who feels just about as good as a rubber stamp. She's dehumanized. Deflated. Depressed.



De-everything'd. Because she's doing a job that takes no brains, no imagination.

That tires and exhausts her. So when you need her for other office tasks, you're left with a secretary who has very little left to give.

Now take the very same secretary. The same payrolls and 941's. But this time give her a Pitney Bowes Addresser-Printer. Then watch her come to life. She'll accurately knock off those names and addresses

in one fourth the time. And then have more than enough left to be the bright, resourceful employee you thought you hired.

The point is this. A Pitney Bowes Addresser-Printer with Pitney Bowes metal, plastic or type-it-yourself foil data plates does more than save your secretary time and energy. It saves her ego. And a secretary with an ego is a lot better than a secretary who feels like a rubber stamp.



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continued

qualified teachers left the campus, clutching a bachelor's or master's degree. More than 100,000, the National Education Association estimates, failed to land teaching jobs.

Do you really need a computer?

There's a good way to tell, one expert says.

Dr. Arnold C. Ott, chairman and chief executive officer, Cascade Data, Inc., Grand Rapids, Mich., advises you to add up what it costs you to do these things:

- Enter orders.
- Bill customers.
- Post accounts receivable and accounts payable.
- Make up the payroll.
- Keep track of inventory.
- And perform some other tasks like sales analysis and labor distribution.

If the cost is more than \$800 a month, "a small, business computer would be an economy," Dr. Ott says. Why?

"Because it can do all of those things. And it costs about \$800 a month to rent or lease one."

What is a small, business computer? One that's general purpose, has a storage capacity up to 20 million characters and a memory capacity of 8,000 to 65,000 bits of data.

"If a company does between \$1 million and \$10 million a year," Dr. Ott adds, "chances are the computer can handle a lot of jobs quicker, cheaper and more accurately than a whole team of clerical people can."

Straightening you out about DISC's

Want to understand the ins and outs of that export-boosting tool, the Domestic International Sales Corp.?

DISC's, at least 95 per cent of whose earnings must come from sales of U.S. goods abroad, have a special tax status which they owe to the Revenue Act of 1971.

Like any tax law, the Act was full of ifs, ands, buts and whereases.

However, the Treasury Department has a handy booklet that explains them in laymen's language. You

WE BELIEVE OUR \$315 TYPEWRITER CAN DO EVERYTHING YOUR SECRETARY DOES WITH HER \$600 ONE.



Ask yourself. Just how much use would your secretary make of an expensive electric. Better still—ask her.

No matter how hard she works, the answer will probably be—not too much. Because only a few jobs actually require all the exotic refinements that make an expensive electric expensive.

Which means you could have a few hundred bucks tied up in a machine that's never used to its full capacity.

Before now, you never had any choice. If you wanted to electrify your secretary, it really cost you. Anything from \$500 to \$800.

Then along came Hermes. With the low, lean, modern, Swiss-designed 10. An electric office typewriter intelligently planned to do all the useful things you expect an electric to do. But dispensing with the fancy frills that you don't need—and don't want to pay for.

So you get a space bar and 7 symbols that repeat automatically. Electric carriage return and tabulation control. Margins visible at all times with our exclusive Flying Red Margins®. 10 clear carbons. 13" carriage. Faster action than any other typewriter in the world. And \$315.00 is all you have to pay for it.

But if you really need a machine that does more than the basics, we have a whole range of office typewriters, each with different capabilities to fit different needs. And at prices to suit different budgets.

For a Hermes dealer where you can try out our typewriters (our calculators too, if your office can use them), see the Yellow Pages or write us.

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Talk to your local Aetna group representative about MULTIVESTOR. Or your own broker or consultant. If there's a better way to make your plan work harder, we haven't heard of it.

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Aetna
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It should be ours.

Because the car you use for business gets driven long and hard. It depreciates quickly. It's traded in often. And you have to keep accurate records on it to prove tax deductions.

Well, for businessmen like you, there are people like us. Members of Chrysler Leasing System. Our business is business cars.

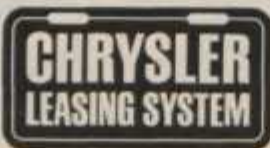
We're a national organization of leasing professionals who can service and deliver most anywhere in the country. We can handle your insurance, write you a tailor-made lease and dispose of the car you're using now.

Lease from one of us and you'll have accurate tax records. And you'll keep that capital you really need for something else.

No matter what kind of business you're in, you shouldn't be using your car for it. You should be using ours. Find us in the Yellow Pages under "Auto Renting and Leasing."



**Our business is
business cars**



Executive Trends

continued

can get a copy—for 40 cents—by writing the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Title: "DISC, a Handbook for Exporters," Stock No. 4800-0914.

Selling in the Land of the Rising Sun

Making the sale may be only half the battle.

Getting goods to the customer can be tough, too.

"Two things cause most delays," Japan Air Lines says.

"One is complying with Japanese customs rules. The other is failing to give a complete address."

Nippon's customs men require five items of information on each invoice, the airline points out:

1. Country of origin.
2. Commercial value.
3. Unit price.
4. Total amount.
5. Exporter's signature.

"If an invoice isn't personally signed by the exporter, the shipment won't clear customs," JAL notes. "Unfortunately, a lot of exporters aren't aware of this quirk."

"And if it's a sample, or something else not for sale, mark the invoice: 'No Commercial Value. Not for Resale.' Otherwise your customer may have to pay duty."

Shipments are often delayed, JAL warns, because the shipping label doesn't carry enough information. Here's what it should include:

A complete street address—not just a P.O. box number.

An accurate English spelling of the firm's name and address.

If it's a big firm, the branch office, department and name and title of man for whom the shipment's meant.

"By all means, include the customer's phone number, if you can," JAL suggests.

"Then the carrier can notify him of its arrival by phone—instead of by mail."

In Japan, it's difficult, if not impossible, to find a phone number—unless the name is spelled in Japanese characters.

Japanese phone books aren't alphabetical, like ours.



Stop gambling with hit-or-miss security. Call in the professionals.

In hiring guards to protect your business, you can't afford to settle for anything less than the professionals—the men and women with Pinkerton's credentials.

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Through nearly 100 offices across the U.S. and Canada, we serve multi-facility companies with one money-saving contract. And assure them of uniformly high standards of security at all locations.

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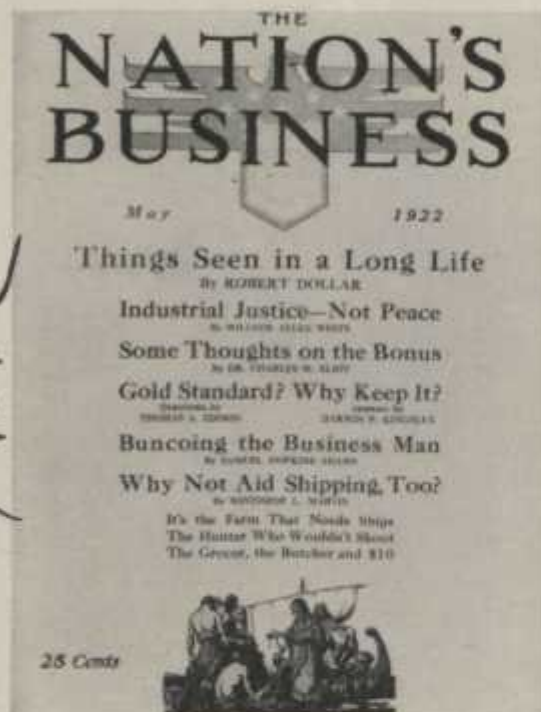
Address _____

City _____ State _____ Zip _____

The Past Is Prologue

Fifty years ago in Nation's Business

(established 1912)



"Why Stick to the Gold Standard?" asked a headline in the May, 1922, issue of NATION'S BUSINESS.

Henry Ford had suggested a currency based on energy units. And Thomas A. Edison had proposed one centering on the necessities of life.

Mr. Edison, as a matter of fact, had sent a questionnaire to a number of businessmen and economists, asking what they thought of his idea. The NATION'S BUSINESS article gave the answers of one of them, New York Life Insurance Co. President Darwin P. Kingsley.

"What," Mr. Edison had asked, "would be the approximate market value of a troy ounce of pure gold if all the governments of the world should demonetize it?"

Wrote Mr. Kingsley: "I answer your question Yankee fashion by asking another question—'In what esteem would we hold women if all women lost their virtue?'"

Then he went on to make an argument echoed down the years since—including 1933, when the U.S. went off the gold standard in domestic exchange, and 1971, when it stopped redeeming foreigners' dollars with gold though still pegging its currency to the precious metal.

Government action does not give gold its value, Mr. Kingsley wrote. "The value of the metal," he said, "arises from the fact that gold has for ages been the accepted standard of the world as a medium of exchange. . . ."

Another subject of consuming interest then, as of course it is now, was the price of meat.

An article entitled "The Grocer, the Butcher and \$10" noted that although there had been a decline in beef prices in the three and a half years since the end of the World War, consumers had "shifted their demand . . . to more expensive cuts."

So, it said, a partial answer to the "old" complaint, "Why is beef so high when cattle are so low?" was: "Beef isn't so high. It's the beef you're willing to eat that's so high. If you're satisfied with some kinds, you can buy it at less than [retailer's] cost."

The more things change, the more they're the same. . . .

Another article mentioned that "the extent of American investment in Canadian industry is making our neighboring dominion a little restive."

And under the headline "Why Not Aid Shipping, Too?" Winthrop L. Marvin, vice president and general manager of the American Steamship Owners' Association, argued in behalf of legislation proposed by President Warren Harding. The idea was to boost the U.S. maritime industry through tax relief and other measures including a requirement that 50 per cent of immigration into the country be on U.S. passenger ships.

For decades, Mr. Marvin complained, the industry had been "left unprotected . . . to fight the lower wages and living conditions on foreign ships."



The Silver Martini.
For people who want a silver lining
without the cloud.



Smirnoff Silver
Ninety point four proof. Smirnoff leaves you breathless.

Help mold a man.

Give a kid a job this summer.

Get him going in the right direction.
Contact the National Alliance of Businessmen.



**Youth
JOBS**

It's ready. Your office in the building in the city in the park.



Right in the middle of a big green park by the sea in Newport Beach, The Irvine Company is building a city.

A real city. With all the good things cities have. A downtown for big business and finance.

A truly complete shopping center. Beautiful residential areas. Extensive recreational facilities. All the good things. And none of the bad.

The Irvine Company is doing it right. Under the tight control of an overall long-range master plan. So the city in the park will improve with age, not deteriorate.

We call it Newport Center. It's as big as 64 city blocks. With master-planned facilities for commercial, financial,

residential, civic, medical, insurance, entertainment, and recreational activities. It's surrounded by the 120-square-mile world of Irvine—the largest completely planned, privately financed development in the world. It's located in the fastest growing county in America.

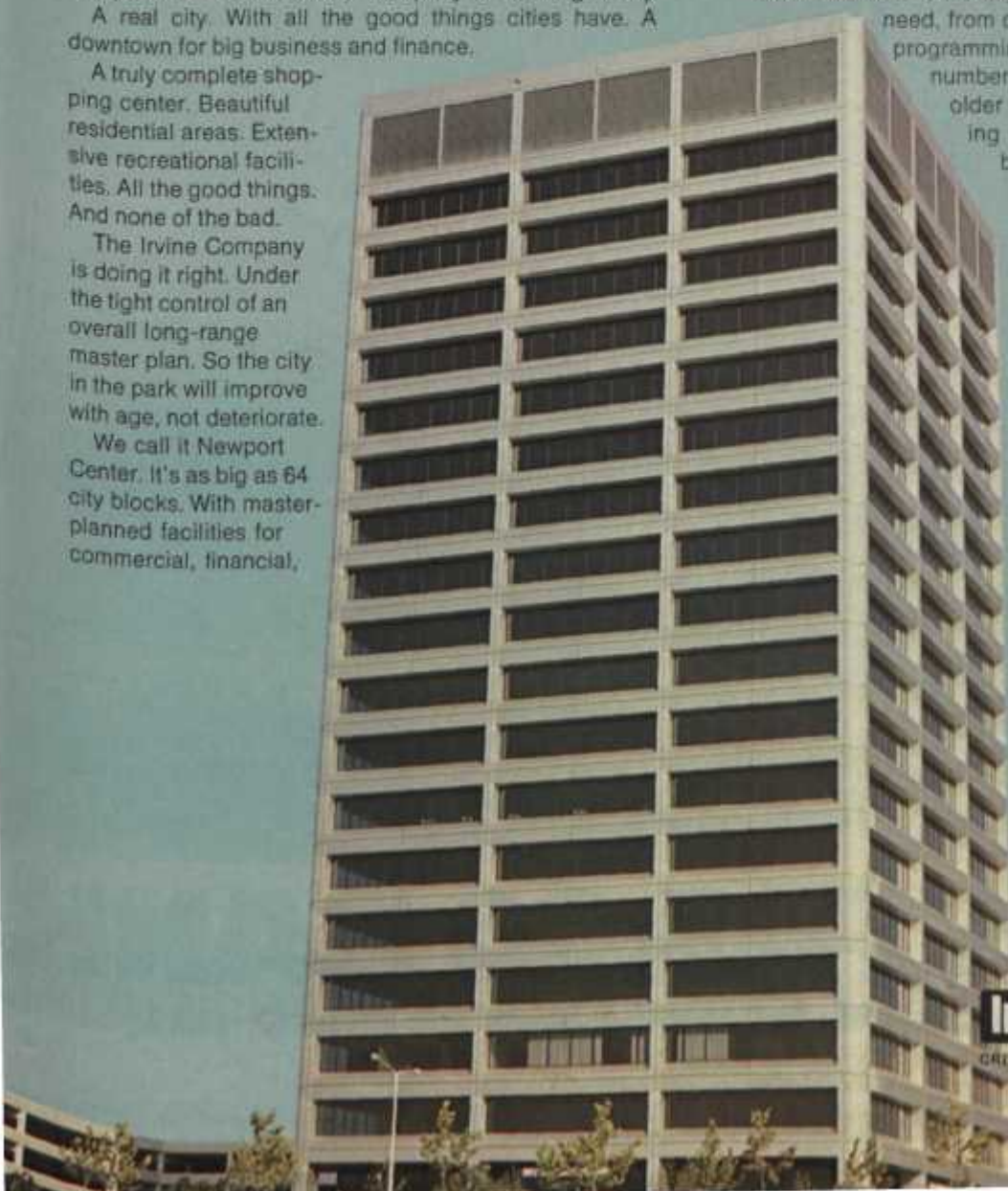
Newport Center is the major developing business center of the nation. Many business giants are already here, including Avco Financial Services, Bank of America, Security Pacific National Bank, Union Bank, and Pacific Mutual Life Insurance Company.

About 300,000 square feet of office space in the ultra-modern Union Bank Building is available for your inspection right this minute. It's the tallest building in Newport Center and all of Orange County. A tall steel tower sheathed in gray solar glass intersected by aluminum-clad columns. It's designed to provide for your every

need, from cable television for closed circuit programming and surveillance to twice the number of parking spaces available in older comparable buildings. The striking new Union Bank Building could

be just the space you've been looking for. And it's ready. Tear out this page and give it to your secretary. Tell her to write for complete, detailed information on Newport Center and the new Union Bank Building. The man in the office in the building in the city in the park could be you.

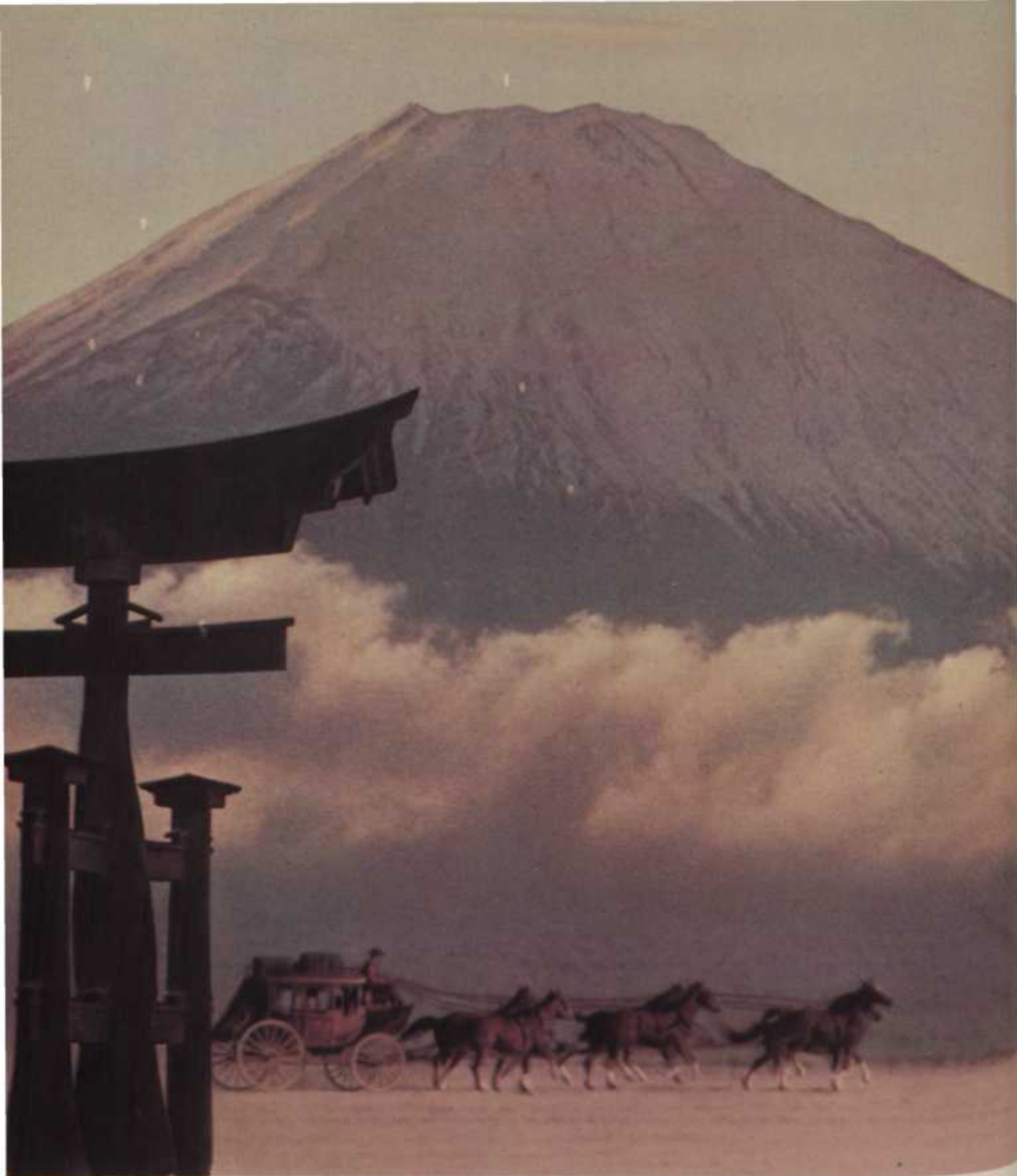
Write to Mr. William Dailey, Matlow-Kennedy Corporation, Suite 370, Union Bank Building, 610 Newport Center Drive, Newport Beach, California 92660. Phone (714) 644-5165.



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net'd to Sunbell Corp. 8/8/72

The Computer Sure Beats the Tom-Tom

Some American Indians whose ancestors used tom-toms to communicate are now using IBM computers for the same purpose.

Sunbell Corp., an Albuquerque, N. Mex., firm that manufactures an extensive line of Indian-style jewelry, moccasins, military insignia and copper gifts, has installed a computer system so it can market its products more efficiently.

The system is linked to the Oglala Sioux Indian Reservation in Pine Ridge, S. Dak., where some 200 Sioux make moccasins for Sunbell.

"Our Indian people run a modern manufacturing operation on the reservation, even though much of their product is made the old-fashioned way—by hand," says Sunbell President J. T. Michelson, whose father founded the firm.



Penny Mills gives the finishing touch to Oglala Sioux moccasins.

"The computer helps them compare orders with inventory stocks of moccasins. It provides information daily as needed."

Because each basic moccasin style is made in different sizes and colors, and with differing decoration, 1,200 separate moccasin types must be accounted for. Sunbell products are sold primarily in tourist and curio shops across the country and the sales season is generally short.

About 300 Indians—Pueblo, Navaho, Hopi and others—are employed at an Albuquerque plant, where metallic and other items are turned out. Sunbell has a third plant, in San Clemente, Calif., where a number of Mexican-Americans are employed.

Mr. Michelson says the computer system—by keeping sales, production and inventory in close harmony—has enabled Sunbell to keep its predominantly Indian work force on year-round employment.

The Sioux workers in South Dakota are obviously pleased with the transition from drums to computers. Their weekly paychecks are produced by the computer and arrive on time.

A New Direction for Those Who Went Wrong

Thousands of inmates in prisons across the country are finding new goals in life by enrolling in a program designed to give them better motivation.

A far smaller proportion of these inmates than of the general run of convicts wind up again behind bars once they are released.

The program's success is not surprising in view of the man who launched it a decade ago—W. Clement Stone, who developed a \$100 investment into a multimillion-dollar international business, Combined Insurance Co. of America.

The name Stone and the word "motivation" are synonymous. Mr. Stone has spent his life motivating people and his "Guides for Better Living"

course has brought success to untold numbers, both in and out of jail.

Today, the course is offered in 65 correctional institutions in 26 states. Some 7,000 inmates are presently enrolled.

Mr. Stone, author of the book, "The Success System that Never Fails," became interested in applying his motivational principles to prison inmates in 1962 when the superintendent of the Chicago House of Correction wondered whether a course the businessman had designed to help the frustrated get ahead in life might benefit prisoners.

It was instituted and immediately acclaimed a success. Within weeks, four other Illinois detention centers began offering the Guides for Better Living program.

Essentially, it is a course in which principles of success, often based on common sense, are identified. Stu-

dents are taught to pinpoint their strengths and use them to build character. Their first assignment, for example, is titled, "How to get from where you are to where you want to be." Obviously, this breaks the ice immediately for a prison inmate, who certainly knows where he is and where he wants to be.

Also, the course has been tailored to meet prison inmates' unique problems. Instead of telling them, "Here's where you went wrong," the emphasis is on "Here's how others succeeded; you can do it, too."

While exact figures on recidivism among prisoners who have taken the course are not available, one study—at the state penitentiary in Mississippi—shows that only 12 per cent of the "students" returned to prison. The national average for recidivism is about 50 per cent.

continued on next page

Junior Partners in an Annual Report

If you had a \$68-million-a-year business would you let a group of grade school youngsters help you prepare your annual report to stockholders?

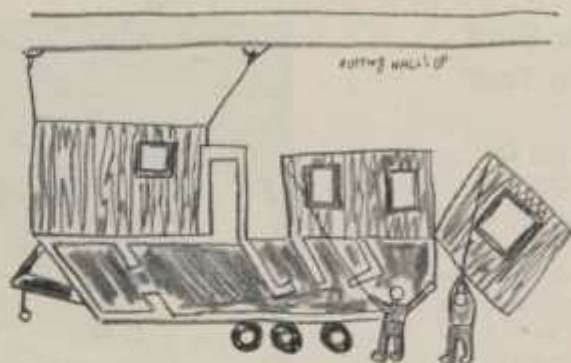
The Midland Co., a Cincinnati, Ohio, manufacturer of mobile homes, has done this, with delightful results.

"We wondered how a child would respond to the idea of seeing a house created, from raw material to complete decor and furnishings, literally in approximately an hour's time," wrote President J. P. Hayden Jr., in the company's 1971 annual report.

"After all, it is estimated that some 35 million Americans will reach adulthood in the next decade, many of whom will live in factory-produced housing.

"We thought it would be interesting to share with you the results of the imagination of future homebuyers reacting to on-the-scene exposure to our industry at work."

Youngsters in the fourth through ninth grades were invited to visit Midland plants in Georgia, Indiana and Ohio and record their impressions as



The Midland Co. gets a child's-eye view of how mobile homes are produced—and passes it on to Midland stockholders.

class projects. Some of their comments and drawings appear in the annual report.

One tyke wrote:

"I enjoyed the trip to the mobile home place. You have pretty mobile homes. I like the blue one—well, really all of them. Oh you have pretty furniture, too! I enjoyed the cake and donuts, thank you."

Another wrote:

"I always thought of a mobile home as a cramped up little thing. But now that I've seen one I think when I get older I would like to live in one."

Observed a third youngster:

"The most outstanding thing I saw was when they put the wall in. I think the walls are a little weak, but they are pretty good when fastened in place."

CHEMTREC Comes to the Rescue

An American merchant ship, fighting its way through a typhoon off Okinawa, developed an emergency. Huge drums containing agricultural chemicals broke loose from their moorings, some spewing their contents across the deck.

In Baltimore, a tank truck carrying a poisonous liquid overturned and began leaking in the street.

Both incidents posed immediate hazards. Thanks to CHEMTREC, an emergency clearinghouse for information on chemicals, the potentially dangerous materials were identified quickly and instructions were provided for rendering them harmless.

CHEMTREC—it stands for Chemical Transportation Emergency Center—is operated by the Manufacturing Chem-

ists Association. The clearinghouse was set up last fall to provide swift emergency information on handling hazardous chemicals involved in transportation mishaps.

"The real problems occur when police, firemen and other emergency workers are suddenly faced with accidents involving materials with which they are unfamiliar," says John C. Zercher, manager of CHEMTREC.

"Those first few minutes following an accident can be critical. Delays and confusion can be dangerous and costly—and that's what we try to prevent."

Emergency information is available from anywhere in the continental United States by dialing a toll-free telephone number: (800) 424-9300 (in Washington, D.C., it's 483-7616). The center is operated round-the-clock, 365 days a year. In the case of the emergency off Okinawa, a radio-telephone call was made to the ship's

San Francisco office and relayed to CHEMTREC.

CHEMTREC fires questions at a caller. Where and when did the accident occur? What product is involved and who manufactured it? Are there any injuries and any hazards that may complicate emergency action? Is the site near a populated area and will the weather affect the procedure?

A CHEMTREC communicator handling the call, once he has the answers, turns to a large tub-type file containing "response/action" information on hundreds of chemicals. Usually, he can instruct the caller in a matter of seconds.

This information is generally adequate to handle the situation. Additionally, CHEMTREC's files contain telephone numbers to reach someone day or night who knows the proper technique for coping with hazardous chemicals.

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The Xerox Telecopier. It makes today's complicated communications network a lot less complicated.

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Telecopier turns any telephone into a copy machine.

XEROX



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1. Your employees will enjoy better coffee.

Their favorite brand. Brewed fresh in the same Cory equipment used by fine restaurants. Every sip improves morale!

2. Cory Coffee shows employees you care.

If you don't have office coffee now, you'll be a hero for supplying it. If you replace your present coffee service with Cory, they'll appreciate having the best.

3. They'll like the convenience of Cory.

Once the Cory Plan is in, fresh-brewed coffee is just a few steps away. Your employees will have their coffee when they want it. And because they'll be having their breaks at their desks, they'll be more productive.

Cory serves you right for just pennies a cup. All you pay for is the coffee itself.



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SBA Report

A Week for Small Firms, Eight Million Strong

President Nixon has proclaimed the week of May 14 National Small Business Week and special activities by the U.S. Small Business Administration then will focus attention on the contribution small enterprises make to the economy.

There are eight million small businesses in the United States—95 per cent of all the nation's commercial enterprises.

These firms provide jobs for 35 million Americans. They annually produce \$385 billion in goods and services, over 35 per cent of the nation's total production.

Among activities during the special week will be selection of a National Small Businessman of the Year. Also, SBA will choose a Small Business Subcontractor of the Year from nominations made by more than 60 large prime holders of government contracts.

In addition, Congressional and federal officials will meet with representatives of small business in Washington during the week to seek ways to expand participation in federal contracting work, and the National Small Business Advisory Council will discuss problems confronting small business and make recommendations to SBA on how to resolve them.

Serving to focus attention on National Small Business Week is a special poster. The winning design was chosen from among 65 suggestions and was judged by a panel of five that included one of the editors of this magazine.

The U.S. Small Business Administration has changed its national policy on disaster loans in order to expedite repair of damaged homes and businesses.

Upon request, it will now make SBA disaster loan payments payable to the borrower and his contractor, to the borrower and his bank, or to all three.

In the past, SBA disaster loan checks were made payable only to the borrower. It often was difficult for the borrower to obtain a contractor for repair work without prepayment of at least part of the cost. Many borrowers were unable to do this, and the result was serious delay in getting the work done.

Under the new policy, with the contractor listed as a payee, he will be assured of payment. And a bank listed as payee will be more inclined to provide interim financing, if that should be necessary.

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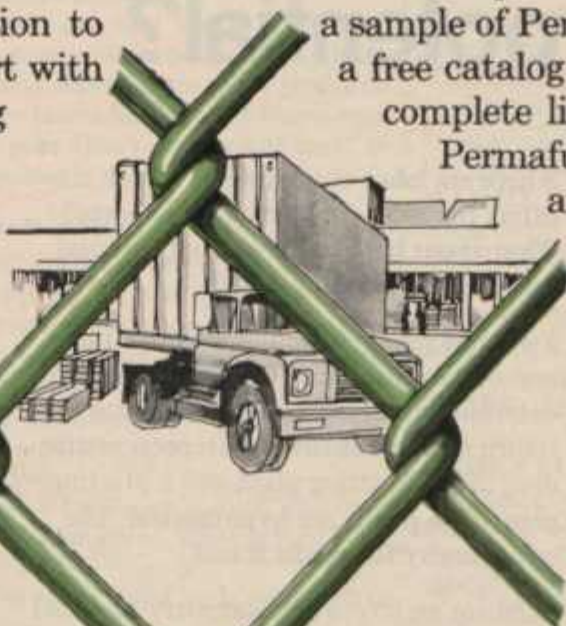
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John Leete, Director
Utah Industrial Promotion Division
#2 Arrow Press Square — Dept. N-5
Salt Lake City, Utah 84101

How's Your RQ?

Like wide lapels, candy-striped shirts and "No, No Nanette," reading is back.

It is proving to be a boon for companies that want to continue executive development programs, but don't want them to cost as much as they did in the past.

In the Sixties, corporate education activities were dominated by fads. Expenditures escalated to the point that those running the programs had little time to evaluate their efforts.

Many training directors were concerned primarily with being first with *avant-garde* techniques. This emphasis on newness led to the creation of many educational programs that were ineffective at best. At worst, they were not even entertaining.

One of the most popular fads, sensitivity training, virtually became a cult. It was put to uses unimagined by even the most ardent of its early supporters.

And business games and computer simulations became musts for progressive training departments.

Reading seemed headed for the "lost art" department.

They've learned something

The major thrust in reading's comeback seems to be from those firms which have made a serious re-evaluation of their educational programs. They have found reading is still one of the most effective ways for an individual to learn, change and develop—and a relatively inexpensive way at that.

Providing a man with proper reading material, they've decided, can serve the same purpose as sending him to seminars.

The myth that having a college de-

The authors of this article are Dr. B. J. Hodge, a professor of management at Florida State University, and Dr. John W. Lee, an assistant professor of management at FSU.

gree, or attending a college-level management program, automatically makes a better executive has been shattered.

Many outstanding executives have never enrolled in college or taken an executive course. They developed into capable managers through individual self-study, based primarily on reading. They apply to their everyday activities the ideas they get from the periodicals and other material that they read regularly.

The commitment to remain current is a commitment to reading. But too few executives read enough.

A 1969 Gallup poll found that although book reading in the United States had reached an all-time high, 58 per cent of those interviewed said they had never read a book from cover to cover.

This poll noted that most of the upsurge in reading is attributable to certain population groups, which include young adults and college-trained persons in various age brackets. It can be expected, then, that the young, highly educated members of the business community will read more than their seniors do.

The lifelong learning process has become a life style for the younger generation.

Your reading quotient

Take the short test below and measure your reading quotient. Your RQ is a reflection of your reading habits and your influence on the reading habits of others.

1. Have you read a book directly applicable to your career within the past six months?
Yes _____ No _____
2. Have you read a "best seller" within the past six months?
Yes _____ No _____
3. Do you read regularly the leading periodicals in your field?
Yes _____ No _____
4. Do you regularly use your company and/or public library?
Yes _____ No _____
5. Do you feel that you read the books or articles that you should be reading?
Yes _____ No _____
6. Do you set aside a specific time

for self-improvement reading each week?

- Yes _____ No _____
7. Have you made a concerted effort to improve your reading comprehension and speed this past year?
Yes _____ No _____
 8. Do you make a point of discussing the books and articles you read with others?
Yes _____ No _____
 9. Do you make a point of encouraging your subordinates to read?
Yes _____ No _____
 10. Do you make an effort to apply what you read to your work?
Yes _____ No _____

How do you stack up?
If you answered Yes to eight or more of the questions, go to the head of the class.

If you answered Yes to seven, you are above average.

But if you said Yes to six or less, you could well be on a one-way train to early obsolescence. You would do well to take a hard look at where your time goes. Don't use "lack of time" as an excuse.

Meeting the test

The challenge of continuous development to cope with the changing environment of business requires constant effort. Results of all the formal efforts that companies make to develop executive talent depend, in the final analysis, upon the individuals involved.

And a lot depends upon the companies themselves. What is your company RQ?

The scores could lead to a return to reading.

And one thing is for sure—as a learning technique, reading has built a pretty good track record since Gutenberg made it a means for the masses back in the Fifteenth Century.
END

REPRINTS of "How's Your RQ?" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

=MISSISSIPPI

PROGRESS REPORT=

GEORGIA-PACIFIC dedicated a new \$18 million plywood, particle-board and lumber manufacturing complex at Taylorsville, Mississippi, March 24. Mississippi Governor William L. Waller was on hand to dedicate the complex, one of the state's largest and most advanced forest products manufacturing operations. The three operations now provide full-time employment for 550 employees with an annual payroll in excess of \$5 million.

NEW INDUSTRIES AND EXPANSIONS continue to make the economic picture brighter around the state. New plants are **SOUTHEASTERN LEAD CO.**, Florence, makers of lead battery plates; **BIG YANK CORP.**, West Point, men's and ladies' jeans; **DAVIS TIMBER CO.**, Hattiesburg, wood posts and poles; **ETHYL CORP.**, Columbia, polyvinyl chloride plastic pipe and fittings; **HOMAN WOOD PRODUCTS**, Fulton, component parts for mobile homes; **HOUSING MACHINERY ENG.**, Meridian, industrial housing machinery; **MULTIPLE INVESTMENT, INC.**, Flowood, food processing; **NORMA INDUSTRIES**, Hattiesburg, metal garbage containers and treated bags; **PARKS LUMBER CO.**, Port Gibson, dimension stock; **RAYVILLE GIN & MILL SUPPLY**, Indianola, cotton gin components; **RICHARDS MFG.**, Pontotoc, orthopaedic products; **THEURER-GREENVILLE CORP.**, Greenville, containers and trailers; and **WINONA LAMINATORS**, Winona, postform and counter tops.

IN ADDITION, nine industries invested more than \$4 million in plant expansions in their Mississippi locations.

FOR MORE INFORMATION about a location for your industrial needs, write or call Harry D. Owen, Director, Mississippi Agricultural & Industrial Board, P. O. Box 849, Jackson, Mississippi 39205.

—William L. Waller, Governor

If you are planning to build any type of industrial, commercial, or institutional building, this *free* guide is a "must" regardless of how much you intend to spend.

It tells how to avoid costly mistakes in planning. And covers the numerous questions that should be answered before construction begins...such as engineering, zoning, soil tests, drainage, access roads, rail spurs, expansion potential.

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NAME _____	TITLE _____
COMPANY _____	ADDRESS _____
CITY _____	STATE _____ ZIP _____
PHONE _____	

Dear New York: How Are You?

Along with the many requests it gets in connection with its prime function of helping the business community, the New York State Department of Commerce receives extensive correspondence from another group—students.

Youngsters all over the country write in, usually asking for information about the state. Some requests range far afield.

Like that from Steven B., of Waynesboro, Pa., who wrote:

"I am reporting to my history class about hippies and other minority groups. . . . I would like to know the street life of the hippies. There are no hippies in my community that I could get information from, and I would be grateful if you would send me any free brochures or booklets containing this information."

From Mark H., of San Antonio, Texas: "I am a fifth grade student and studying your state. I would like some facts about the state. I would especially appreciate you sending my mother a photo of Joe Namath. She just screams about him."

Steve H., of Cincinnati, Ohio, obviously didn't intend to be swamped by paper work: "Can you tell me in a medium-sized letter what New York City is like and how they raise animals?"

"I am an Eskimo," began a letter from Point Hope, Alaska. "I hunt ducks and my name is Willie. Please send me information about your state and tell all the boys and girls, Hi. . . ."

David B., of Miami, Fla., probably appreciates the fact that the Department doesn't fully identify letter writers. Asking for literature about the state, he added: "Someday, if I can get 'ole moneybags' to take us to New York, I'll use this information."

One of the more difficult requests came from Edward R., of Yonkers, N.Y., who wrote:

"Can you please send me information on the reproduction system? We have to make a scrapbook on a certain title and I picked reproduction. I need a lot of information." **END**

Sound Off to the Editor

Are You for the Four-Day Week?

The four-day, 40-hour workweek is one of the most talked about developments on the business scene.

A survey of 588 workers in 51 companies that have shifted to a four-day week reveals they are overwhelmingly in favor of the new schedule. Seventy per cent say they like their work more.

Executives at the companies, in general, say the four-40 schedule improves productivity.

But taken as a whole, the number of firms that have moved to the four-day week is small. Mrs. Riva Poor, whose book, "4 Days, 40 Hours," is considered an authoritative source on the subject, estimates only 1,000 out of 1.5 million U.S. corporations have made the shift. And many of the companies that have changed have been small ones.

The shortened week is no further than the discussion stage, in the vast majority of businesses.

Arguments for the change include:

- The four-day week improves employee morale and makes for a more highly motivated and therefore more efficient work force.

- The plan allows for more efficient use of land, buildings and equipment, spreading fixed costs over more operating hours. It permits a company to schedule a longer workday without paying overtime, and to hire additional employees on a staggered work schedule—thereby getting more use of its equipment per day.

- There is lower job turnover, less absenteeism, and an increase in unsolicited job applications.

- For the employee, there is more usable leisure time, more flexibility in arranging his personal business, and lower commuting, lunch and child care costs.

- Traffic congestion in major cities during peak hours is eased.

Opponents say:

- A 10-hour day is bad for worker health and safety. It can lead to ac-

cidents stemming from mental and physical fatigue.

- The bunching of leisure time is offset by the bunching of work, making for less rather than more contact with family and friends, and hindering workers from participating in civic affairs or from furthering their education at night.

- Some companies claim the shift scheduling is too complicated. Others complain it's difficult to coordinate their operations with those of suppliers and customers.

- There are problems in getting to and from the job. Public transportation is scheduled less frequently in off hours; car pools are harder to arrange; travel time in the winter months may increase, since workers will be en route in darkness; crime is a factor in urban areas after dark.

Those are some of the arguments. What do you think? Should the four-day workweek be widely adopted? Do you favor trying it at your firm?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should the four-day workweek be widely adopted?

☐ Yes ☐ No

Comments:.....

.....

.....

.....

.....

.....

Name and title.....

Company.....

City.....

Sound Off Response

Free Rides, Freeways and the City

It's a standoff between proponents and opponents of establishing free transit service in the fight to untie the knot of traffic, cut down on car accidents and reduce pollution in America's cities.

NATION'S BUSINESS, in the March "Sound Off to the Editor" question, asked its readers whether they favored giving free transit a try. The breakdown of answers was 50 per cent against the idea and 50 per cent either for it or for heavily subsidized transit.

Among reasons given for making transit rides free or for charging nominal payments of 10 or 15 cents per ride:

There would be less need for spending taxpayers' money to build highways or to level housing to make way for them; fewer police would be needed to direct traffic; there would be less pollution from auto engines; there would be fewer accidents and possibly less expensive insurance; bus, taxi, and business traffic would move faster.

Among reasons given on the other side:

Providing free rides would be socialistic; few drivers would be diverted from their cars; only city people would benefit; taxes would have to be raised to pay for transit systems; "undesirables" would clog transit vehicles; the economy would suffer because fewer autos and less road building equipment and material would be sold.

Here are a few of the Yes answers: James A. Spiegel, senior economic analyst, Eastern Air Lines, Washington, D.C.: "It is an obvious economic fact of life, though not yet accepted as part of America's conventional wisdom, that automobiles are not the most efficient vehicles to move people into and out of cities."

Anthony J. Petullo, president, Olsten Temporary Services, Milwaukee, Wis.: "Sounds like a novel idea! But please, not involving a bus—it's just another contribution to pollution and clogged highways. A fast, on-time free rail system would have much appeal in Milwaukee."

Sanford Schwarz, president, San-

ford Schwarz & Co., Inc., New York City: "Yes, and simultaneously raise old tolls and establish new tolls for vehicular traffic in business hours. Also, let cars with four riders go for half toll or no toll."

Paul G. Erickson, product manager, American Yearbook Co., Topeka, Kans.: "At least free rides to and from work! A work pass could be issued to all employees each month. This would reduce families' needs to have two cars."

Lloyd A. Pflueger, general manager, Downtown Association of San Francisco, Calif.: "Congestion is getting out of hand. One bus carries as many people as 40 automobiles. If we are going to move masses of people we need mass transportation."

K.C. Jewel, sales engineer, General Electric Co., Chicago, Ill.: "How often do we consider the loss of property tax revenue resulting from the use of our land for streets, freeways and parking lots?"

Stephen N. Steinig, assistant vice president, New York Life Insurance Co., New York City: "Among advantages is the bringing of more people to downtown shopping centers and revitalizing those centers."

Edward LeMaster, chairman, Edward LeMaster Co., Memphis, Tenn.: "Whatever the final cost may be in providing free transit, it would be very low compared with that of providing for the automobile of the future."

L. M. Frink, Miami manager, Wilbur Smith and Associates, Miami, Fla., points out that a "high proportion of the operating cost for a transit system consists of fare collection and processing" which would be saved with free transit.

A sampling on the No side:

William H. Gunklach, president-treasurer, The National Billiard Manufacturing Co., Cincinnati, Ohio: "I am not rich but I earn my keep and I'm tired of paying for the poor. If the government wants to subsidize bus riders, then give me the equivalent tax credit."

Louis S. Jablonski, College of Business Administration, Marquette University, Milwaukee, Wis.: "Nothing

is free. Putting transit in the open arms and pockets of politicians and unions would be a disaster. Partial subsidy offers an answer as a responsible alternative."

Evelyn Sellars, Pausel's Bootery, Inc., Ft. Walton Beach, Fla.: "Would you ride the bus with all the undesirables that would show up for a free ride? Why tax the people to pay for something they would not use?"

Tom W. Arrants, sales manager, Bradley Limestone Co., Cleveland, Tenn.: "Free school busing, free food stamps to striking workers, free abortions, free lunches, free, free, free. Just when are able-bodied men and women going to get off the free wagon and do a day's work?"

Donald R. Nelson, KXLE, Inc., Ellensburg, Wash.: "We have too much socialism already."

Leon Cederlind, office manager, Theisen Bros., Inc., Norfolk, Nebr.: "Every person should pay for what he uses, through taxes or otherwise. A person who cannot or chooses not to use a transit system should not have his share of taxes pay for those who do. Probably the most fair tax is the highway use tax on gasoline. Those who use highways pay for them in proportion to their amount of use."

William K. Metcalfe, president, Aer Corp., Ramsey, N.J.: "The Staten Island ferry in New York City costs only 5 cents each way, but I don't see people flocking to ride the best bargain in the city."

Kenneth Neans, Recognition Ribbons, Round Rock, Texas: "Let's let the dancers pay the fiddler."

John K. Newcomer, production foreman, Kerr-McGee Chemical Corp., Powder Springs, Ga.: "The real answer is to move industry and jobs to the rural areas and distribute the population over the states more evenly."

Donald M. Alburtus, engineer, Martin Marietta Corp., Denver, Colo.: "What we need is not something for nothing. What is needed, urgently, is a metropolitan mass rapid transit system. People are ready and willing to pay for a system that provides a sound solution to today's traffic problems."



**For those
who say the railroads
are at the beginning
of the end,**

**here's a progress report from Santa Fe
that says it's much, much more like the
end of a beginning.**

MORE POWER

We're adding 52 new giant diesels and rebuilding 50 older units to provide a locomotive fleet producing over 3,850,000 horsepower.



MORE CARS

1910 additional cars are coming in 1972, including 100 of these giant refrigerated hoppers for in-bulk movement of potatoes, oranges and other perishables.



MORE TERMINALS

Santa Fe's new million dollar rail and truck terminal now being completed at Houston, Texas to meet expanding truck, Piggy-Back and container traffic.



BETTER SERVICE

Run through trains with connecting railroads link—east, west, and southwest and save hours moving through Santa Fe's electronic classification yard in Kansas City.



BETTER PIGGY-BACK

We're expanding Piggy-Back and container service all along the Santa Fe to handle increasing domestic and international shipments.



BETTER IDEAS

An expanding microwave network linked to our data system for car tracing and locomotive utilization, and plans for the development of a unique coaxial train for moving containers are just a few of the new ideas at work on the Santa Fe.

MORE and **BETTER** are key words at Santa Fe. What we're *doing* is why we're saying rail service is *still* one of the most efficient ways to move freight. What we're spending says so too: over \$100 million this year in railway capital expenditures. One billion in the last 10 years. Two billion since World War II.

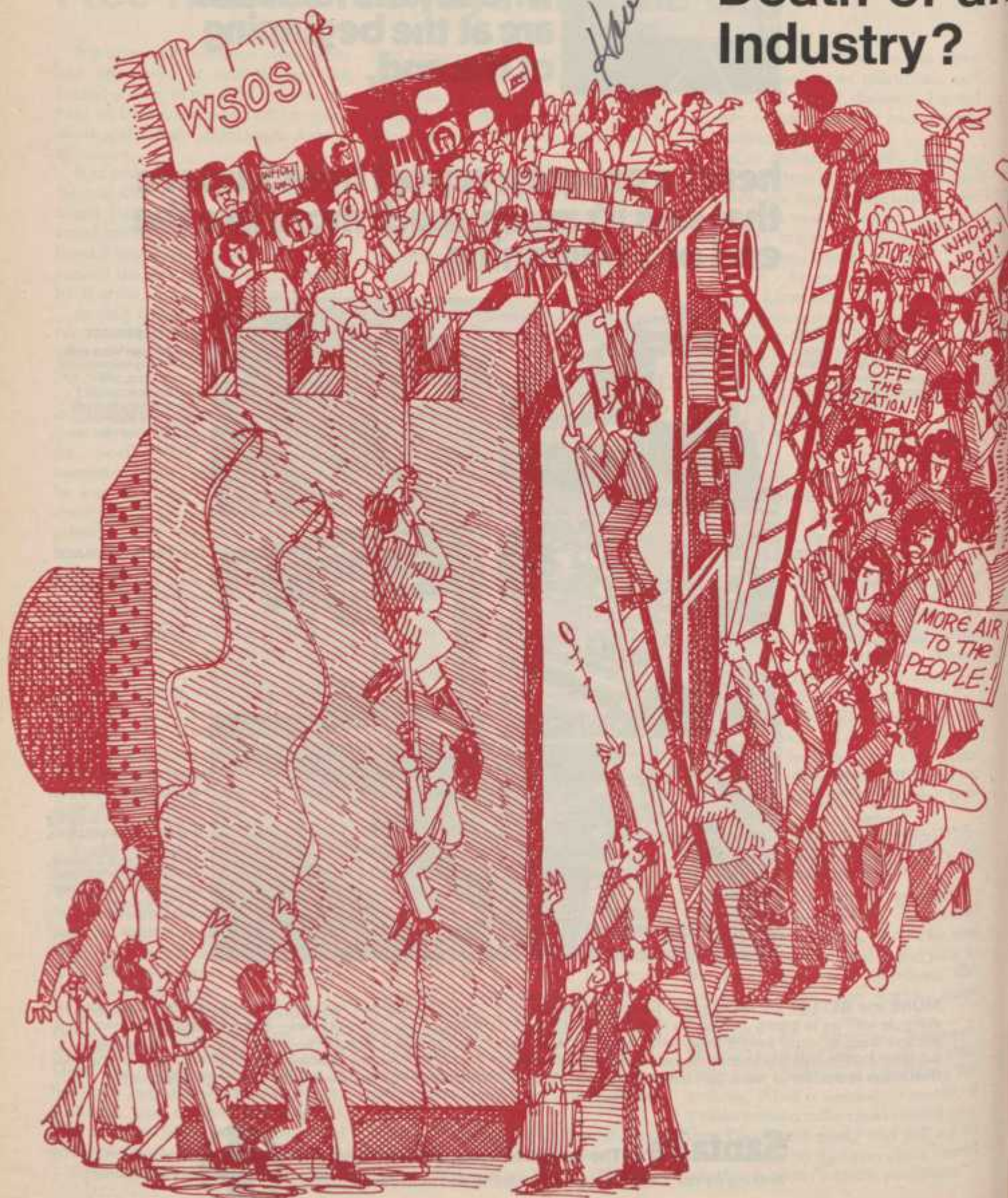
The railroad industry and the Nation need sensible transport regulatory policies—administered with an even hand. We can take it from there—into a new era of railroading.

Still think the railroads are at the beginning of the end? For Santa Fe it's more like the end of the beginning!

Santa Fe —The complete transportation company
moving by rail, truck, air freight, pipeline and land development.



Death of an Industry?



Commercial broadcasting is the victim of foul blows struck under the guise of fairness, and it faces an even greater threat—"counteradvertising"



ILLUSTRATION: BILL COLE

How would you like to own a business where you are required every three years to justify your performance to seven political appointees and perhaps lose that business if they don't think you measure up?

Or perhaps be forced to give away one of your wares for each one you sell?

Those are only two of the life-or-death problems facing the American radio and television industry.

Why should you be concerned about the broadcasters? Everybody knows they make millions and millions of dollars.

Their plight is of concern to you, however, for two reasons. If you ever advertise anything at all, new rules proposed for the broadcasting industry could eventually affect you, whatever form your ads take.

In a broader sense, you have a stake in the broadcasters' struggle because government policies that could cause the death of their indus-

try could spread to others. The worst threat to the stations, of course, is that of being put out of business.

Owners of two TV stations—one in Boston, Mass., the other in Jackson, Miss.—have actually been stripped of their licenses, and over a hundred more stations are under attack.

Because of court decisions, any individual or group can challenge a station's right to continue operating. No matter how frivolous or unrealistic the complaint, the station is compelled to respond.

And a recent decision by the U.S. Court of Appeals in Washington has raised concern that a broadcaster—even after meeting the demands of a protester—might be required to pay for all expenses incurred by the challenger. And this, warn industry officials, could open the floodgates to all kinds of extortion by persons more interested in money than in changing a station's programs.

Pressures on broadcasters are com-

ing from militant minority groups on the one hand and government edict on the other.

Target stations are having to spend untold man-hours and many thousands of dollars in legal fees to protect their investments.

The seven-member Federal Communications Commission can wipe out those investments by refusing to renew the licenses of station owners who come under attack. The owners' recourse: a further investment in money and time before the U.S. Court of Appeals in Washington, whose past rulings do not cast it in the role of the broadcaster's best friend. And now the Federal Trade Commission is asking the FCC to force radio and TV stations to offer time—even free time—to almost anyone who wants to challenge the contents of commercials.

This is known as "counteradvertising" and if it should come to pass, warns the Columbia Broadcasting

Death of an Industry? *continued*

System, it would "undermine and destroy" the financial base of commercial broadcasting.

Here, too, the fate of the industry is in the hands of the FCC.

These twin threats are part of an overall review of who should have access to the airwaves under the so-called Fairness Doctrine for presenting all sides of controversial issues.

The implications are abundantly clear: Under this kind of oppressive federal regulation, the foundation of the competitive enterprise system is being severely rocked.

While advertisers on radio and television are most immediately under the threat of counteradvertising required by government decree, it's only a short step to the point at which any form of advertising would be affected.

Broadcasting officials, from the owners of tiny radio stations to executives of the national networks, have warned that any attempt to implement a counteradvertising policy in their industry could lead to an end to free TV and radio in this country.

After all, the only thing the broadcasters have to sell—in order to remain in business—is the time for commercials.

Sponsors, they say, are hardly likely to continue paying for commercials when part of the money is going to finance time to rebut those commercials.

One broadcasting executive asks specifically: Should free air time be made available to horse lovers to condemn autos, or to let "the carrot juice sippers" rail against soft drinks?

A colleague puts the issue in somewhat different terms: "When a commercial for a brassiere is aired on radio or television, should the no-bra bunch be offered equal time to extoll the virtues of the swinging life?"

Programs and personnel

While the counteradvertising debate rages, militants are aiming at the very heart of the broadcaster's business—his federal license to operate.

Petitions to deny license renewals are being filed with the FCC on behalf of Negroes, Mexican-Americans, Puerto Ricans, Indians, Orientals, Gay Liberation, Women's Lib and

various other groups and causes. Common threads of their complaints concern programing and personnel.

They argue that they are entitled to more attention in broadcasting through "relevant" programs reflecting their interests and concerns. The racial and ethnic blocs in particular contend they should be represented

years. The long-standing policy for the 7,000 radio and television licenses in this country once was to judge a broadcaster at renewal time on the basis of the record. Satisfactory performance in the previous three years virtually guaranteed renewal.

A competing application for the same license could be filed by a party

Now You See It, Now You Don't

In 1967, the Federal Communications Commission ruled that radio and television stations had to carry—without charge—antismoking messages to counter the paid commercials of the cigaret companies.

Smoking, the FCC said, had become sufficiently controversial to come under the Fairness Doctrine requiring broadcast licensees to air all sides of major public issues.

On Jan. 2, 1971, cigaret commercials were banned from the airwaves under a law Congress had passed the previous year.

But the antismoking messages continued. The FCC had announced just before the ban took effect that continuing the antismoking spots would be regarded as a public service. (Many broadcasters took the

announcement as a strong signal that it would be good to be able to tell the FCC when their licenses were up for renewal that they had provided this service.)

So, under the Fairness Doctrine, it now appeared that the shoe was on the other foot, that stations carrying antismoking messages would have to carry the industry's arguments on the smoking-and-health issue.

No, it wouldn't be that way at all, the FCC said. Only the antismoking messages could continue.

The Fairness Doctrine? Well, the FCC explained, information about cigaret smoking had become so well-known that there no longer was a controversy over its effects. And the Fairness Doctrine, you know, applies only to controversial issues.

on the broadcasting staffs of the stations.

Recent court and administrative decisions have opened the FCC's door to petitions by such groups for denials of license renewals, even though the complainants do not want to take over the licenses themselves and indeed often have no suggestions on who should operate the stations.

Some stations have compromised and agreed to such steps as putting on more black-oriented programs and hiring blacks for on-the-air jobs.

Hanging over the broadcasters, who have at stake millions of dollars in capital investments, not to mention goodwill built up over the years, is the fact that their licenses must come up for renewal every three

with sufficient resources to establish and maintain a station on that same frequency. But a petition to deny the renewal application could be filed only by someone who could show a direct economic stake—another station that claimed interference with its signal, for example.

Shock waves

In recent years, however, two major developments have sent shock waves through the broadcasting industry.

Here's what happened:

- In 1966, the U.S. Court of Appeals in Washington—overruling the FCC—held that the general public, as individuals or groups, had legal standing to challenge a renewal and to argue that a given station had not

performed in the public interest. (In the same case, three years later, that court stripped television station WLBT in Jackson, Miss., of its license as a result of objections to the way it handled matters concerning the local Negro community.)

• The FCC, in 1969, made a major departure from its own policy that an adequate record gave a licensee priority over a challenger. It refused to renew the license of WHDH-TV, of Boston, Mass., which had gone on the air in 1957 and was estimated to be worth more than \$50 million. The station's record was not "superior," the FCC ruled, and the licensee would therefore be considered on the same basis as a competing applicant for the same license.

Then the FCC went on to take the license away from WHDH on the ground that its parent company also owned a newspaper, the *Boston Herald Traveler*. The FCC said it believed in diversification of ownership of communications media.

(There were two grim ironies for the station here: Only three of the seven members of the FCC voted against it. One member voted against transferring the license and the other three did not act on the decision.)

(And, when the station finally ceased broadcasting this past March, company officials said the *Herald Traveler* could not long survive without television revenues that more than offset its losses.)

Later, the FCC sought to draw back from its sharp departure in the WHDH case and issued a policy statement reaffirming the importance of a good record in renewal applications. But the Court of Appeals in Washington struck down the policy statement last June on the ground it discriminated against new applicants.

Liberals attack a liberal

Sen. John O. Pastore (D-R.I.), chairman of the Senate communications subcommittee, introduced a bill in 1969 to stabilize the situation. Under the legislation the FCC could not consider a competing application for a license unless it had first taken the license away from the applicant for renewal.

Said the Senator: "A person who has a license has to live up to the

law. And when he does, and does a good job, he hadn't ought to be harassed by any entrepreneur who comes in and makes a big promise."

Sen. Pastore, a veteran liberal and staunch supporter of civil rights legislation, suddenly found himself the target of liberal, civil rights and other activist groups.

Absalom Jordan, national chairman of Black Efforts for Soul in Television (BEST), told the Senator: "This bill is back-door racism . . . it says, in effect, no black ownership. First priority goes to whites."

The Rev. William F. Fore, executive director of the Broadcasting and Film Commission of the National Council of the Churches of Christ, opposed the bill "because we believe it would have the effect of permanently protecting the licenses of incumbent broadcasters. . . ."

The hearings on the Pastore bill became so emotionally charged over allegations that it would insulate broadcasters from challenges by minority groups that it got nowhere. While the Senator pointed out that challenges would still be possible, the

provisions of the bill itself were obscured by injection of the racial issue.

Sen. Pastore, who was subjected during his 1970 re-election campaign to charges of racism because of his sponsorship of the bill, has declined to take up the fight again.

And the industry has been unable to obtain hearings on measures to restore some stability to the license renewal situation while at the same time keeping open avenues for legitimate grievances against a station.

As a result, more and more stations find themselves under fire.

In 1967, only one petition to deny a license renewal was filed with the FCC. In 1970, there were 32. In 1971, there were 68. The total this year is expected to go even higher.

Organizations that have filed, or are considering filing, petitions to take licenses away from present holders include such groups as the Black Knights and the Columbus Civil Rights Council, both of Ohio; the Black Identity Educational Association, of Omaha, Nebr.; the Bilingual-Bicultural Coalition on Mass Media, of San Antonio, Texas; the Chinese

Booming Population, Income, Leisure Add Up To More Travelers By 1980

All economic indicators suggest dramatic growth in both the number of travelers and amount of travel during the 1970s. The Bureau of Census predicts that the U.S. population will grow to 225 million by 1980. But it is the changes taking place within this swelling population that will result in the greatest growth in U.S. travel.

It is expected that as early as 1975 18% will have incomes of \$15,000 or more. A large portion of this increased income will be spent on travel and other leisure activities because families will have more leisure to spend it on.

One study indicates that annual work hours will shrink from a present average of 2,000 to 1,760 by 1980. This would give employees six weeks of vacation a year. People expect that the

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Death of an Industry? *continued*

Media Committee of San Francisco, Calif.; the United Farm Workers [see "Chavez Blight Spreads East," page 32]; the National Organization of Women (NOW); and the National Union Alianza Federal de Pueblos Libres of Albuquerque, N. Mex. (The Alianza was organized originally to press a claim that Southwestern inhabitants of Mexican origin are entitled to vast tracts under Spanish land grants.)

One station's story

In Denver, Colo., for example, station KLZ-TV was the target of a complaint that carried such allegations as "lack of programing related to the black community and the Chicano community. . . . Programs fail to deal with human relations. . . . [The station] failed to display to the total community the frustrations, problems, aspirations and the cultural values of the black community and the Chicano community. . . . Many commercials urge children to purchase edibles of doubtful nutritional value and perhaps harmful. . . ."

KLZ-TV officials estimated that to prepare a response to those and other allegations, executives and employees put in 1,200 man-hours. In addition, University of Denver students were hired to review more than 1,000 days of news scripts. And thousands of dollars went for legal fees involved in drafting the response.

The station said:

"With one exception, none of the individuals or organizations signing the petition even contacted the station to make known any of their views, suggestions and observations . . . which are so vehemently expressed in the petition.

"Because of the nonspecific nature of charges, the preparation of this response . . . has consumed tremendous amounts of time. . . . Effort of this magnitude was required because the petitioners indulged in broad characterizations and loosely stated serious allegations without providing supporting facts. The licensee is left, therefore, to defend itself against many charges and innuendos that are neither articulated nor supported."

As an example of what it was facing, the station told of one incident: It had received a complaint that a

commercial featuring the "Frito Bandido" was considered offensive by Mexican-Americans.

The station told its advertising agency, the sponsor and CBS that when the commercial was scheduled, it would disconnect from the network and substitute a commercial acceptable locally. This involved special arrangements for a cue, breaking the network connection, presenting the local commercial and then rejoining the network.

"This arrangement required special handling by six different members of the station's personnel," KLZ told the FCC.

How much is enough?

Broadcasters confronted with challenges often find themselves up against such questions as who, if anyone, has the wisdom to lay down specific standards for determining "relevance" of programing to one or more minority groups, for identifying the genuine spokesmen for such groups, and for fixing the point at which minority-oriented programing is sufficient.

How much is enough? A Bakersfield, Calif., radio station directed 97 per cent of its programing to the Mexican-American community but was challenged on grounds it had not discussed programing with bona fide representatives of that community.

From the industry standpoint, the key legal case now pending involves WMAL-TV of Washington, D.C. That city's Black United Front has filed a petition for a denial of license renewal on grounds the station "has failed to serve the public interest . . . by completely overlooking and failing to serve the interests, needs and desires of the substantial black population within its primary signal area." The petition noted that blacks "constitute an overwhelming majority" of the city that WMAL "purports to serve."

The cost to WMAL-TV, in legal fees alone, of defending its position and retaining its license can only be described as staggering. NATION'S BUSINESS editors, examining FCC files, studied one set of documents submitted by the station—not its entire response—which amounted to a

stack measuring some 36 inches high.

The FCC refused to order a hearing on the complaint. "Many types of programing cannot be broken down into that for black people and that for others," it said. "Were the Commission to require such a breakdown of programing according to the racial composition of the city of license, we would effectively be prohibiting the broadcast of network and other nationally presented programing. It is sufficient to say that such 'separate programing' is not feasible."

The Black United Front has asked the U.S. Court of Appeals to overrule the FCC and order a hearing.

A key issue in the case, one that could have a major impact on broadcasters in urban areas everywhere, is what constitutes WMAL-TV's area of responsibility.

The Black United Front says it is Washington, D.C., which is 70 per cent Negro. But the station points out its signal area, extending far beyond the city limits, contains a population that is predominantly white.

Running the gauntlet

Thomas H. Wall, president of the Federal Communications Bar Association, says broadcasting is "the only industry I know where you have to run the gauntlet every three years to stay in business."

No one is suggesting, he says, that broadcasters who do not live up to their responsibilities be shielded from competition. On the other hand, Mr. Wall says, those who make charges against licensees should be compelled to bear the burden of proving them. And, he adds, "if broadcasters give in to the wishes of the protesters too much, they will wind up being led around by the nose."

Mr. Wall says the bar group believes Congress should act to clarify the "confusion and uncertainty" surrounding license renewals.

The National Association of Broadcasters is backing legislation to extend the license period to five years from three. It also would provide that a license be renewed if the holder shows he has made a "good faith effort" to fulfill his responsibilities and has not shown callous disregard for the law or FCC regulations. Opponents could still come in to challenge

licensees on whether they had met those standards. Meanwhile, what amount to pools of legal aid have been set up for challenges.

That pioneer case in Jackson, Miss., was brought on behalf of the local black community by the Office of Communication of the United Church of Christ, which has since made its legal expertise in license matters available to protesting groups in many other communities. And several other organizations have been formed to provide legal services in license challenges on request.

One recent case in which the United Church of Christ figured prominently could well cause even more headaches for the broadcasting industry.

Several black groups filed a petition to deny renewal of the license of KTAL-TV, in Texarkana, Ark.

Whereupon, KTAL entered into an agreement in which it pledged, among other things, to "discuss programing regularly with all segments of the public." It also hired two black newsmen to appear on camera.

On top of that, the station agreed to a demand that it pay more than \$15,000 in legal and other fees incurred by the protesters.

The challenge to the license renewal was withdrawn, but the FCC refused to allow the payment to the challengers, holding that would not be in the public interest.

Then the same Court of Appeals that had ruled against the broadcasting industry so many times in the past overturned the FCC ruling and said the payment could be made.

Another case in which protesters have demanded that a station pay their legal fees—this time, the station refused to pay—is now before the FCC and is expected to wind up in court. Industry sources are concerned, because of the KTAL decision, that judges are heading toward requiring, not just permitting, payments by stations when challenges are withdrawn.

Taking a long look at all that is going on, the National Association of Broadcasters sums up this way: "It is no longer foolish or alarmist to say that present trends in government control . . . could wreck broadcasting." **END**

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How Consumerism Backfires

Those the movement is designed to protect can actually wind up as its victims

Thanks to free enterprise, Mr. and Mrs. Consumer are king and queen in America and enjoy a standard of living that is the envy of the world.

Merchant John Wanamaker probably summed it up best: "The customer is *always* right."

But a movement abroad in our land undercuts consumer sovereignty. Strangely enough, that movement is operating under the label of "consumerism."

One of its principal goals is ever more federal regulation of the type of day-to-day decisions that have been made by free individuals in a free marketplace.

The alleged justification for such regulation is often very thin.

Witness, for example, the monopoly charges that the Federal Trade Commission has brought in connection with ready-to-eat cereal. The FTC isn't contending that one company has taken over the entire market. Nor two. Nor even three.

No, the FTC says that the top four makers of ready-to-eat cereal—who spend hundreds of millions of dollars a year to advertise and promote their products in competition with each other—have a "shared monopoly."

Kellogg's, General Mills, General Foods and Quaker Oats do not engage in "meaningful price competition," according to the FTC.

The author of this article is Mary Bennett Peterson, whose book, "The Regulated Consumer," will be published this month by Nash Publishing Co., Los Angeles.



Ralph Nader has hailed the Commission's action and urged that it move against "other highly concentrated industries." Automobile and steel manufacturing, he says, are "obvious places to start."

The "Washington way"

The constant demand for growing government regulation in the name of consumerism is one of the incongruities, if not inanities, of what I call the "Washington way."

There are many more examples in my book, "The Regulated Consumer."

As I see it, this rapidly expanding government control is inherently uneconomic as well as—ironically—anti-consumer. It restricts the consumer's right of free choice in the marketplace, imposes added production costs that price goods out of his reach, or denies him the use of natural resources.

Most regulation is simply economic intervention by government—the substitution of the Washington way for the free market way.

Not only does it undermine consumer sovereignty in the name of protecting the consumer.

In the name of preserving competition, the regulation undermines competition.

This is not to suggest that any and all regulation should be verboten. Business and, indeed, all social cooperation will not work in a political vacuum.

Anarchy is as destructive of social cooperation as is totalitarianism.

I oppose, however, regulatory in-

tervention that is essentially a substitute for free competition—freedom to buy and freedom to sell.

That type of intervention is detrimental to the efficient allocation of resources, and thus is detrimental to human welfare. It breaks down the constructive competing forces by which the market itself handles supply and demand.

Regulation that takes the place of competition distorts normal supply and demand responses to profit and price signals, to technological advances and to constantly changing consumer preferences.

Interventionist regulation also comes in such key forms as production allocation and price-fixing decrees.

Benign, but beware

On the other hand, there is benign regulation that is neutral or even helpful where competition and economic efficiency are concerned.

This type of regulation includes copyright laws, enforcing contracts through the courts, and a system of standard weights and measures.

But even benign regulation can get out of hand, and become interventionist.

Environmental protection laws and automobile safety requirements can be carried to the point where costs outweigh benefits.

Perhaps worst of all, most current regulation dethrones the consumer in favor of the producer and/or the regulator.

This is the rub with interventionist regulation: For all his proclaimed

Washington champions, the consumer is the one who is ultimately regulated.

Our experience with Prohibition is a classic example.

The Eighteenth Amendment was a masterpiece of regulatory overkill:

"The manufacture, sale or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited."

There was to be no limit to the benefits realized by consumers in return for their surrender of their right to a free choice on whether they wanted to buy liquor.

Hell for rent?

"The reign of tears is over," declared the nation's No. 1 evangelist, Dr. Billy Sunday. "The slums will soon be only a memory. We will turn our prisons into factories and our jails into storehouses and corncribs. Men will walk upright now, women will smile and the children will laugh. Hell will be forever for rent."

This happy prognosis was, of course, somewhat short of the reality. Prohibition's 13 years became the age of the gangster, the rumrunner, the hijacker and the crooked public official.

Millions who had no previous desire for drink took to it with a vengeance because they had been told not to. Alcoholism became practically a national disease—and a national killer. Chemical analysis showed that 98 per cent of the liquor confiscated in New York City in one year contained poisonous ingredients.

Consumers, including many who had cried for the regulation brought about by the Prohibition amendment, now cried for relief.

If any lessons can be drawn from Prohibition, it may be that the easy call to "pass a law" to bring about a millenium is not always the answer; the law of supply and demand can be a lot stronger than the law of the land.

Prohibition was extraordinary in that it was actually repealed. Normally, the consumer isn't so lucky.

In his introduction to my book,

economist Milton Friedman describes what is the more likely story of governmental intervention in economic affairs:

"A real or fancied evil leads to demands to 'do something about it'; a political coalition forms, consisting of sincere high-minded reformers and equally sincere interested parties; the incompatible objectives of the members of the coalition (e.g., low prices to consumers and high prices to producers) are glossed over; . . . the coalition succeeds in getting Congress (or a state legislature) to pass a law; . . . the high-minded reformers experience a glow of triumph and turn their attention to new causes; the interested parties go to work to make sure that the power is used for their benefit, and generally succeed; success breeds its problems, requiring the scope of the intervention to broaden; bureaucracy takes its toll so that even the initial special interests no longer benefit; ultimately, the effects are precisely the opposite of the noble objectives of the high-minded reformers without achieving the more mundane objectives of the special interests; yet the activity is so firmly established and so many vested interests are connected with it that repeal of the initial legislation is nearly inconceivable; instead, new governmental regulation is called for to cope with the problems produced by the old, and a new cycle begins."

Tyranny of the status quo

Prof. Friedman also notes that an unrecognized virtue of the free market vs. control is that the free market is far less subject to the tyranny of the status quo.

In a free system, it is only necessary for one individual to see how he can benefit from changing the status quo for him to start to do so. He does not have to get permission from anyone. He can simply venture his own wealth—come up with a new product, for example, and start to sell it. He need only persuade the purchasers.

He can begin small and grow. And, equally important, he can fail to grow.

Contrast that with the political process, where a majority must first be persuaded before any new endeavors can be tried. It is hard to start

small and, once started, almost impossible to fail. That is why governmental intervention is at once so rigid and so unstable.

Bureaucracies have been found wanting in efficiency and they lack the discipline of the profit motive to prod them into it. Regulatory agencies, in particular, cannot keep pace with the dynamism of the market.

For my part, I call for deregulation and reprivatization of our economic system. This is simply a recognition of the efficacy of the market, of the inherent incompatibility between economics and politics, of the built-in shortcomings of government intervention.

This recognition would include, as discussed in my book, the phasing out of the Federal Trade Commission, the National Labor Relations Board, the Interstate Commerce Commission, the Federal Communications Commission (but retain its control over broadcast licenses), the Civil Aeronautics Board and the interventionistic functions of the Food and Drug Administration and the Justice Department's antitrust division.

Revitalized courts

Deregulation and reprivatization, however, must be accompanied by a revitalization of the federal and state judicial systems which would, as also noted in my book, absorb the contract adjudication and consumer protection functions of the phased-out agencies.

In sum, free enterprise is the consumer's best servant. But it is being smothered by interventionistic regulation of industry, which ultimately means regulation of the consumer.

While much of this regulation marches under the banner of consumerism, consumerism still has a constructive role to play. But it can be pushed too far.

Consumerists can and should educate. Yet they should be wary of shifting from consumer sovereignty in the marketplace to government sovereignty, however benevolent government is thought to be.

Consumerists should see that government sovereignty in the marketplace ultimately poses a threat to a free society. END

Chavez Blight Spreads East

The United Farm Workers, victors over West Coast grape growers, are putting on the squeeze in the Florida citrus groves and cane fields; and they're eying thousands of other agricultural employees



Cesar Chavez (left), head of the United Farm Workers, announcing the "breakthrough" contract with the Coca-Cola Co. foods division. Next to him is his cousin, Manuel Chavez, who leads the union's Florida drive.

U.S. Highway 27 runs straight and flat across the humid sugar cane country in south central Florida. Irrigation canals line the road, carrying water to the fields from vast Lake Okeechobee.

During harvest time, not long ago, huge trailer trucks whizzed by with loads of cane, bound for sugar refineries that loom up across the fields like misplaced steel mills. Buses carrying workers trundled to and from the fields.

At a road leading into the 10,000-acre Talisman Sugar Corp. plantation, some 17 miles south of the small town of South Bay—and 75 miles north of Miami, another world—half a dozen pickets lazed in the hot sun.

As cane trucks turned in and out of the Talisman gates, the pickets gave a defiant clenched fist salute and cried, "Huelga!" (Spanish for strike). Nearby, the red flag with the black eagle of Cesar Chavez's United Farm Workers National Union stirred in the breeze.

Talisman is one of the focal points in a Chavez drive to organize the estimated 127,000 agricultural workers in Florida, and the confrontation is being watched with keen interest, not

only by sugar cane growers but by all of Florida's agricultural industry.

For the UFW, which two years ago successfully organized most of the California grape workers, has already had its first taste of success in the Florida citrus groves.

On Feb. 29, the union and the Coca-Cola foods division announced an agreement on pay and fringe-benefit increases for the company's 1,200 agricultural workers in the state. Three weeks later, H.P. Hood & Sons, a Boston-based producer of citrus and dairy products, signed a similar contract with the UFW.

The union hails the Coca-Cola contract as a breakthrough.

But agriculture industry executives see it in another light.

"An absentee-type contract between a union with no roots in the area . . . and a huge conglomerate company with a lot of interests besides citrus," says Fred Adkinson, president of the Citrus Industrial Council, in denouncing the agreement.

Unions, of course, aren't new to citrus or to Florida's agriculture industry in general. Many processing mills and packinghouses are union-

ized. The Teamsters Union represents hundreds of truck drivers. What's new is unionization of the field worker.

The boycott is basic

Some industry officials claim Coca-Cola knuckled under to the threat of a national boycott of its soft drinks, an assertion both Coke officials and the UFW deny. But the boycott has been basic in past Chavez organizing strategy.

It was the boycott of grapes and wines at the retail level that paved the way for the UFW success in California.

Smaller, independent citrus growers feel they are far less vulnerable to the boycott tactic than a big company is. Still, they are wary about the future as they watch the confrontation at the Talisman plantation.

The ingredients that contributed to UFW success in California and enabled the union to sign its foot-in-the-door contract with Coca-Cola are present at Talisman.

Talisman's president, self-made multimillionaire William D. Pawley, vows he won't let what he considers unethical and unfair tactics force him



Leonard Woodcock (right), president of the United Auto Workers, flanks Manuel Chavez at a rally for the United Farm Workers. Many religious, campus, liberal and union groups have played a crucial role in UFW organizing campaigns by supporting secondary boycotts and picketing.

See Woodcock

into recognizing the Chavez union as bargaining agent for his workers.

But the UFW thinks there's a weak link it can exploit if Mr. Pawley doesn't relent. Virtually all of the Talisman mill's output is sold under contract to Borden Co., the large, nationwide food firm.

Manuel Chavez, Cesar's cousin who is leading the Florida unionizing effort, says that the UFW has "planned" consumer boycotts of Borden products and that if there is no progress at Mr. Pawley's plantation, striking Talisman workers and others will start the boycotting.

Borden—caught in the middle—says it has unsuccessfully tried to bring the union and Mr. Pawley together. "We want to avoid antagonizing either side," a Borden spokesman says.

The secondary boycott, of course, is prohibited by the National Labor Relations Act. But agricultural workers are not covered by the Act, enabling the Chavez union, which calls it a "consumer boycott," to make potent use of it.

Mr. Pawley and most of the state's agriculture industry executives insist they don't oppose unionism, but find

repugnant the methods the UFW employs to gain recognition.

In addition to the secondary boycott, standard UFW tactics include the organization and use of social and religious groups to picket and otherwise put pressure on the employer. In many UFW campaigns, the bulk of the boycotting and picketing activity is carried out by such third party groups and by professional UFW organizers.

In most cases, agricultural industry executives claim, the Chavez union has only limited support among workers it is trying to organize.

Shunning the secret ballot

It resists putting the question of UFW representation to the test of the secret ballot because it couldn't win many such elections, one citrus industry official says.

Manuel Chavez, however, says: "The reason we stay away from the secret ballot is that growers don't do it in good faith. There's intimidation of the workers and we can't have a real secret ballot."

In the Coke settlement, the company accepted a card count super-

vised by the U.S. Department of Labor, rather than a secret ballot tally, as proof of workers' desire for UFW representation.

Growers dislike this measure of sentiment, in which the employee signs a card indicating he wants union representation. They say it's often difficult to verify an employee's signature, and the possibility of coercion to sign the card is always present.

The secret ballot was used in the H.P. Hood case, but the issue was a combined one: In voting acceptance of a contract negotiated by the company, Hood's Florida workers voted approval of representation by the Chavez union.

Actually, Chavez critics say, workers are pushed into the UFW with little or no say in the matter as the union prides recognition from the employer through third party picketing, loss of sales in boycotts, pressure on the employer from boycott victims, and favorable media coverage of the union's efforts.

"A man should no more be forced to join a union than he should be forced to join a social club," Mr. Pawley declares in Talisman's Miami

Chavez Blight

continued

office, just off palm-lined Biscayne Boulevard.

The office walls are covered by mementos—including autographed pictures of Presidents Truman and Eisenhower—of a wide-ranging career in business and government.

That career began when Mr. Pawley, then 18, traveled by mule in the back country of Venezuela, peddling candle wax. He was in charge of building three aircraft factories in China for the Nationalist government in the 1930s, and with the approach of war he helped organize American volunteers to form the famous "Flying Tigers," who fought for Chiang Kai-shek against the Japanese.

Later, he built India's first ammonium sulfate plant. He also served stints as U.S. ambassador to Peru and Brazil, and in several other government assignments over the years.

In 1964, although retired, Mr. Pawley agreed to take over Talisman Sugar Corp., now profitable but then in receivership.

Describing himself as a "mixture of conservatism and liberalism," the tall, spare Mr. Pawley, who is 75, says: "My record proves I've not been anti-union. But I'm opposed to some types of union abuses. They're too powerful. I think it would be wrong for business to be so powerful also. There's an imbalance."

As for the UFW effort, Mr. Pawley declares firmly: "I'm absolutely determined to do what the majority of the men working for my company want. And they have said they don't want a union."

He bases his assertion on a statement signed by some 325 of his 500 workers—it originated among them—that claims there is no strike at Talisman and pledges support for Mr. Pawley's stand.

Despite the UFW's customary shying away from secret ballot elections, Manuel Chavez says he has challenged Talisman to hold one. The company, he says, refused. Mr. Pawley denies this. "No secret ballot election has ever been suggested by him," he asserts.

The start of the labor problem at the plantation is beclouded by union charges and management counter-charges. Whether a group of Talisman workers demanding bargaining



Manuel Chavez rallies pickets at the Talisman sugar plantation. The flag of his organization—at the time known as the United Farm Workers Organizing Committee but now called the United Farm Workers National Union—flutters in the background.

rights and pay boosts were rebuffed by the company, failed to show up for work and were fired, or simply walked off the job without making demands, depends on whose version of the incident you hear.

At any rate, 144 Talisman workers set up picket lines outside company property in late January and asked the International Association of Machinists and Aerospace Workers, which already represented some of Talisman's mill workers, to represent them.

According to management, the IAM gave up the effort because it didn't see much chance of gaining support among the agricultural workers. But then Manuel Chavez showed up and took command.

"Offshore" labor

In addition to UFW charges of low pay, long hours in the fields and poor working conditions in general, a bone of contention between Talisman and the UFW is the status of 1,000 Jamaicans who come to the plantation for 100 to 150 days of harvesting.

Many cane growers use Jamaican labor, under contract with the Jamaican government.

Strict controls cover terms of employment, pay rates and camps where the Jamaicans live.

The UFW has announced it wants to represent the Jamaicans as well as the local employees. Another tack has been to claim Mr. Pawley is breaking his contract for the Jamaican workers by using them to replace strikers.

Growers fear the UFW will try to have the Jamaican program abolished if the union isn't allowed to represent the "offshore" labor.

In the minds of William Pawley and other growers, the Jamaican gambit is another attempt to coerce them into recognizing the UFW.

"We're dependent on the Jamaicans," says George Wedgworth, president of the Sugar Cane Growers Cooperative of Florida.

According to Mr. Wedgworth, there are two ways the UFW may move to scuttle the Jamaican program:

First, get the AFL-CIO—with which the UFW is now affiliated—to put pressure on the Jamaican government to halt the program.

Second, persuade the U.S. Department of Labor that Americans want the work the Jamaicans are doing.

ret'd to ww



Applying pressure and seeking support and publicity, UFW pickets parade in front of Talisman Corp. headquarters in downtown Miami.

This might be accomplished by fomenting a labor dispute.

Meantime, the UFW has been making charges of poor conditions at Talisman's Jamaican labor camp.

Denied access to Talisman to check on conditions at the camp, the UFW brought an injunction action against the company. On March 10, a federal court in Florida dismissed the suit.

Judge Charles B. Fulton commented: "Obviously, this case is nothing more than a tactic utilized by the union in an ongoing and heated labor dispute. This is not a suit brought to accomplish anything more than a result favorable to the union in this dispute. There has been no evidence to the contrary."

Also, the Rural Manpower Service investigated UFW complaints of contract violations involving working hours, and availability of water and medical care for the Jamaicans. All the complaints were found to be untrue.

Where does that leave the confrontation now? Well, the Jamaicans have gone home, but will return in the fall for a new harvesting season. And the pickets have left the Talisman gates along U.S. Highway 27,

but they too are expected to return.

Like businessmen everywhere, Florida agricultural executives worry about the increased costs and changes unionization could force.

"I fear we're near the point where labor is too expensive for the industry," says George Sorn of the Florida Fruit & Vegetable Association in Orlando. Foreign competition—particularly from Mexico—is becoming an increasing factor, he reports.

Fewer jobs?

Higher labor costs, Mr. Sorn fears, will force smaller growers out of business, cause marginal harvesting workers to lose their jobs and bring on increased mechanization which will lead to further job losses.

Ideally, what the Florida growers would like is federal legislation to set up ground rules for the organizing of agricultural workers. They envision a kind of "National Agriculture Labor Relations Act," similar to the National Labor Relations Act that governs industrial union matters. The growers view coverage under the existing labor law as undesirable. The National Labor Relations Board, which implements it, couldn't act

swiftly in disputes involving perishable agricultural products, they say.

Legislation of the type the growers prefer has been introduced in Congress. It calls for a three-member, Presidentially appointed agricultural labor relations board which would be able to move swiftly.

The legislation also has provisions banning secondary boycotts and requiring secret ballot voting to decide whether workers want union representation. It also provides for reasonable protection against strikes at harvest time or other crucial periods, and notice of intent to strike with an option for arbitration.

A spokesman for the National Council of Agricultural Employers acknowledges that prospects for passage of such a bill aren't rosy in this election year. "It's a controversial subject," he says. "We're not counting on it being approved, but you've got to start down the road."

Meanwhile, a development in the UFW's backyard—California—holds out hope for the Florida growers.

The National Labor Relations Board's general counsel has filed a petition with the federal court in Fresno, Calif., for an injunction to stop secondary boycott activities.

Leading to the action was a complaint brought by the Free Marketing Council of Los Angeles citing retail-level boycotts of lettuce, grapes and wines produced in California.

Though agricultural workers aren't covered by the National Labor Relations Act, a spokesman for the NLRB regional office in Los Angeles says investigations reveal the UFW is representing or seeks to represent workers who fall under NLRB jurisdiction—namely, commercial packinghouse workers and some winery employees who are not engaged in agricultural harvesting.

The UFW denies it represents anyone but agricultural workers, and calls the NLRB action politically motivated. It has, however, "temporarily suspended" its wine boycott while talks go on with the NLRB regional office to "settle the dispute."

The demise of the UFW's secondary boycott weapon would go a long way toward removing the unfair advantage the union now has, growers feel.

END

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6/6/77

William S. Lowe of A.P. Green Refractories Co.

The National Chamber's new president urges
businessmen to speak out for our system

Whenever an American space ship blasts off for the moon from Cape Kennedy, A.P. Green Refractories Co. plays an important role.

The Mexico, Mo., company makes the heat resistant materials that line the launch pads. If they should fail to withstand the high temperatures and pressures, a great deal of damage would result.

That's probably the most exotic use of the refractories A.P. Green manufactures and markets throughout the world. Most often, its "firebrick" are used to line extremely hot furnaces of the steel, aluminum, cement, glass and other industries which produce many of the basic materials of our economy.

William S. Lowe, the man who heads A.P. Green, could be compared in a sense with his company's products. He is a solid, dependable citizen, with little flamboyance. A man who has withstood the toughest kinds of tests, he now faces a new task.

Mr. Lowe, 64, is the new president of the Chamber of Commerce of the United States. In this role, he hopes to enlist other leading businessmen

throughout the country to tell the story of our competitive enterprise system.

"First we must understand it ourselves," he says; "then we must explain it to others."

A product of the Midwest, Mr. Lowe has been the chief executive officer of A.P. Green for 22 years. When he took charge, there was only the Mexico plant and the company's gross was about \$10 million a year. Now there are 22 plants in the United States and Canada, and 16 in other countries. Gross annual sales are about \$110 million.

The huge main plant nestles in 3,000 rolling acres on the edge of Mexico, where a rich deposit of the fireclay essential to produce firebrick was discovered in the early 1900s.

A few years ago A.P. Green became a subsidiary of United States Gypsum Co., but Gypsum made no management or operational changes.

Getting to work from his colonial style home adjoining the plant properties takes Mr. Lowe three minutes "if I drive slowly." Like nearly all the 1,500 employees at the plant, he

goes home for lunch and has plenty of daylight hours in the summer for relaxation after work.

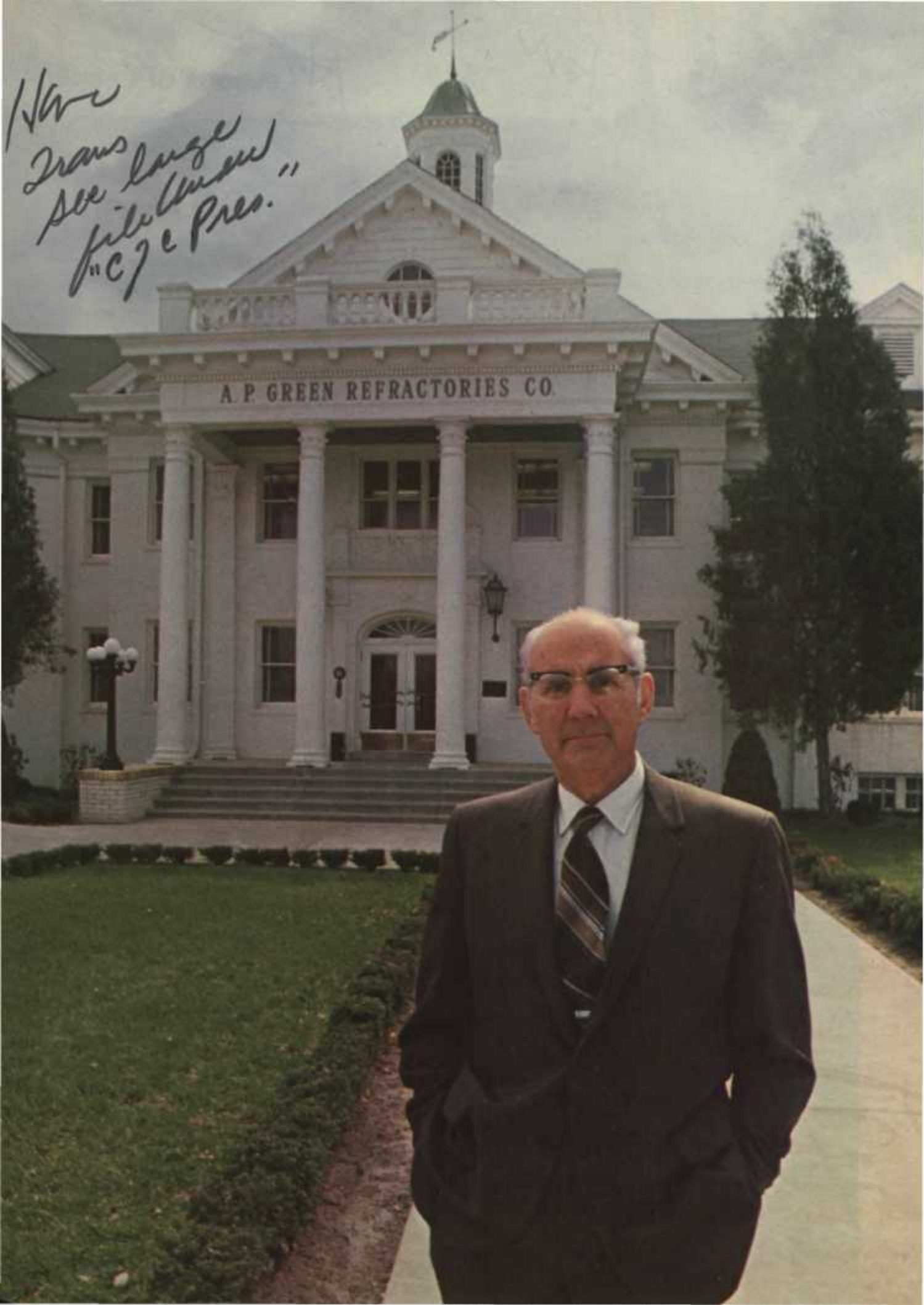
It's apparent that Mr. Lowe and his gracious wife, Pearl, enjoy their way of life. Their daughters and grandchildren can escape bigger cities' pressures with relaxed visits.

On the other hand, Mr. Lowe firmly believes in productive use of time.

In addition to his duties as board chairman and chief executive officer of A.P. Green, he is a director of Norfolk and Western Railway Co., A.B. Chance Co., First National Bank in St. Louis, Commerce Bank of Mexico, United States Gypsum Co., Dereco, Inc., and Falstaff Brewing Corp. He also is chairman of the board of trustees of William Woods College.

He became a director of the National Chamber in 1965 and a vice president in 1969. He has served as chairman of the budget committee and as a member of the executive committee, investment advisory council and accrediting board.

He is a past president of the Missouri Chamber of Commerce, which



Have
Draws
See large
file under
"C7 & Pres."

A. P. GREEN REFRACTORIES CO.



Mr. Lowe's wife, Pearl, delights in acquiring antique snuff boxes and bottles and has a collection gathered from all over the world.

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Handwritten signature

Lessons of Leadership:



As longtime chairman of the board of William Woods College in Fulton, Mo., Mr. Lowe is a frequent campus visitor, always interested in student views.

An old, played out clay pit on company grounds has been turned into a beautiful recreational lake for employees.

Handwritten signature



he still serves as a director and member of its executive committee. A list of his other civic, religious and charitable activities would cover a page or more.

NATION'S BUSINESS editors visited the awesome plant which grinds and bakes fireclay into refractories and talked with Mr. Lowe in his office at the headquarters building there.

Mr. Lowe, you went to work when you were pretty young, didn't you?

Yes. My father was a minister and my mother died when I was 12, leaving eight of us children, four still at home. I guess we would have been way below the poverty line by today's standards. I started carrying papers when I was 10 or 11 years old, and also spent hours working on farms.

I well remember pushing my nose against the glass of the local hardware store in Burlington, Kans., looking at a pair of skates I would have given my eyeteeth to own, and when I finally sold enough papers, I bought the skates.

That was an accomplishment, and I guarded them with my life.

Dad was pretty wise at suggesting that maybe a book was risqué and I shouldn't read it, and then putting it some place where I could find it. It took me years to find out I was being tricked into reading books that were good for me. I remember reading "Les Misérables" while walking to and from school.

When my older sister was ready for college, the family moved to a college town, Bethany, Nebr., but I stayed in Burlington to finish high school.

In my last year in high school, I got a job at the National Hotel doing dishes and cooking breakfast orders for my room and board and \$3 a week.

A train pulled out of Burlington for Kansas City every morning around 6, so I made the morning calls in the hotel, knocked on doors, and then I was fry cook. When the regular cook came down at 7 or 7:30, I washed dishes until 8:30 and then took off for school.

I beat it back to the hotel and washed dishes during the noon hour and then returned to school. Since I



The company chairman is a familiar figure inside the vast manufacturing facilities of A.P. Green, getting first hand briefings on production.

was in athletics and lettered in football, basketball and track, I usually practiced until 6 p.m. Then I washed dishes until 8 or 9. If I wanted to get off on a weekend for a game or something, I would substitute for the night waiter until 10 o'clock, and he would wash dishes for me over the weekend.

I didn't feel the least bit put upon. It was easy to take part in many school activities. I even sang in the glee club although I was the worst singer. I was selected because the music teacher was sympathetic.

What did you do after you graduated from high school?

I joined a Chautauqua company. I had seen Chautauqua. You will recall it was an important educational and cultural institution that presented programs in small towns all over America. Those programs served an important purpose in the cultural development of the Midwest.

I wanted to see something of the United States so I became the tent

boy—putting up and taking down the tents. Later I was platform manager and tried to resell contracts with the group to communities for the next year, traveling in 27 states during four summers.

One of the lecturers was from South Dakota State University, and he helped me find a job there as a janitor in a men's dormitory. So that's where I eventually received my B.S. degree. Then I taught and coached football.

So you were still working hard?

Yes. We enjoyed the privilege of having to work. There was no alternative. I'm afraid young folks today wouldn't consider it a privilege, as I thought it was, to have a job.

Would you describe yourself as a competitive person who likes challenge?

I think so. Anyone who has been in sports cannot help feeling the thrill of competition.

In business, there is a carry-over. You should at least respond to com-

Lessons of Leadership: William S. Lowe *continued*

petition. When you get an order that your competitor might have received, you should enjoy a feeling of accomplishment.

Our competitive free enterprise system is built on this spirit, and this is the spirit that is being so abused today. Some claim we are losing it. Some claim we have lost it.

In any society there is always plenty of followership. It is always present. What we lack is capable, willing, properly motivated leadership, and this is part of our problem today.

Do you see a role for the Chamber in the area of motivating leadership?

If not us, who? We have been credited or accused, as the case may be, with being potentially the most forceful, aggressive, capable organization of businesses and business people. If that is the case, we have a responsibility to perform.

We are in a situation where change is going to occur because of us or in spite of us, and it is much better to guide change than to let it happen.

This leadership must be exhibited in many areas—far more than in just earning a profit for stockholders which, of course, is very essential. Without profits our system dies. Without profits there is no money to buy the machines and acquire the technology to bring about a better way of life.

We must point out again and again that profits are the lifeblood of our economy.

How can we do this?

Most managers in manufacturing know how to build a product. We know how to conduct market studies, price the product, advertise and sell it.

Now, the method by which all this is done is the American competitive free enterprise system. We ourselves must be sure we understand how it works, and it is quite complicated.

Then, having done so, business leaders must give the time that is needed to mingle with others and explain the principles of business. This involves mixing with young people on college campuses, for example.

I know that today some businessmen feel they have been trapped by interviews or quoted out of context

and as a result have run for cover. Nevertheless, we have to keep working at it.

If we, who are the so-called leaders of the system, are not willing to spend time, effort and thought in defending it, who will? I doubt if our elected officials or other members of government will do so. They are concerned with pleasing constituents. They must get re-elected. Beyond this responsibility we must be effective leaders in the social and cultural areas.

We must provide the kind of leadership that we alone can provide. Good management is sometimes defined as the science of getting things done through others. My own definition of good management is the science of getting others to do what you want them to do—willingly. That is the essence of all good leadership.

Enlisting the great mass of business leaders in this country—the trained professional managers, the trained professional leaders—to utilize their capability in other areas of our society, that is the challenge to all business organizations, and to the Chamber in particular.

What do you hope to accomplish yourself in your year as Chamber president?

It is probably naïve to presume that any human being in this position is going to change the course of humanity very much in 12 months.

It gets down somewhat to the question so many people ask today: "In a population of 210 million people, I am one little guy; what can I do?"

You do it by doing first things first. Like the confused old grandma who had a ball of string and asked, "How am I going to untangle this mess?"

The answer is simple. You start at one end of the string and follow it back. Keep working and you will get it untangled.

There has to be a sincerity in saying all is not lost. It is not. In spite of all detractors, this is still the greatest nation living under the best system known to man.

What I hope to do to the best of my ability is keep carrying this message. Beyond any shadow of doubt, our society, our system, our Ameri-

can way of life, has provided more material benefits to our citizens than any other. This fact is beyond question, but for some reason we are castigated for our success.

But we must say two more things. Our system also has provided more physical and mental freedom than any other society. We must take full credit for the benefits of these freedoms.

Physical freedom, we are well aware of—shorter hours, more leisure time. But there is also mental freedom. We are allowed to print things, say things, develop cultural pleasures and freely criticize. We may be trying to control this freedom somewhat, but no other nation has it to the degree we have.

Do you think we are getting too many laws that restrict these freedoms?

Oh, yes. I think it is a truism—it was said 400 years before Christ—that as a society becomes more corrupt it tends to pass more and more laws. We are trying to legislate things that can't be legislated.

There is another axiom—that goes back 800 years before Christ—which describes our serious economic problem today.

A Greek philosopher said that when the people find they can vote themselves continued benefits from the public largess, they will continue to do so until they spend themselves into bankruptcy.

We are today demanding and voting ourselves, through our political representatives, benefits which we can't afford.

You're getting back, really, to the need to understand our system, aren't you?

Yes. It comes back to crossroads America.

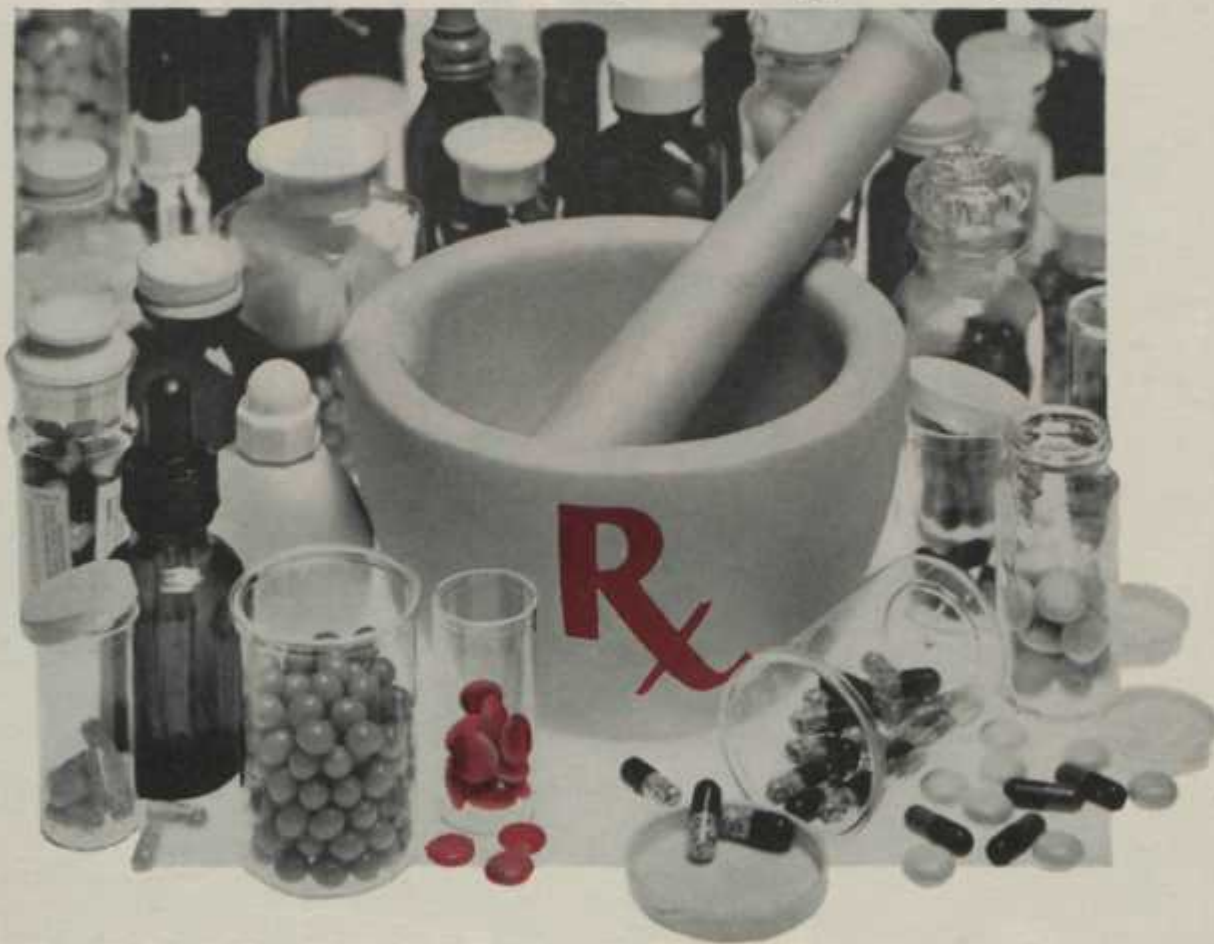
There are limits. There is only so much raw material available. We are using it up. There is only so much air to breathe.

There is only so much wealth created, which means only so much tax money is available, and we can only go in debt so far until we come to the point of no return. I am convinced that to continue deficit spending of the magnitude of \$30 or \$40 billion per year is an absolutely impossible course to pursue, even under the full

Suppose we give a pharmaceutical company
a business loan.



And nine months later they have growing pains.



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When we give you a business loan,
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We give you service.

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systems in everything
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more compact, less costly.**



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Get quieter, smaller, smoother-running drives with Positive Drive belts.

These belts have molded teeth that mesh smoothly with pulley grooves for accurate timing. If your plans call for designing a new drive, or re-designing an old one, Goodyear Positive Drive ("PD") belts offer you several significant advantages over chain-and-gear systems or competitive synchronous belts.

They don't chatter. This could be important, if you're concerned about the sound-abatement requirements of the new Occupational Health and Safety Act.

They flex easily, even around very small pulleys, where chain-life would be reduced. So you can design drives with smaller pulleys and shorter center-to-center distances. "PD" belts let you scale down your entire drive system, with proportional savings in hardware costs and weight.

And since they require no lubrication, you don't waste space or money on built-in lubrication metering systems. Or worry about damage to the drive if somebody forgets to lubricate it.

Compared to other synchronous belts, Goodyear Positive Drive belts give you greater uniformity in thickness. In most cases, Goodyear belts are uniform enough—out of the mold—to meet Class 2 tolerances without grinding.

That means you can usually save the 10% or so in grinding charges you'd otherwise have to pay to achieve tolerances of $\pm .010"$. And yet, you still get uniform weight distribution, for lower vibration, less noise and longer wear.

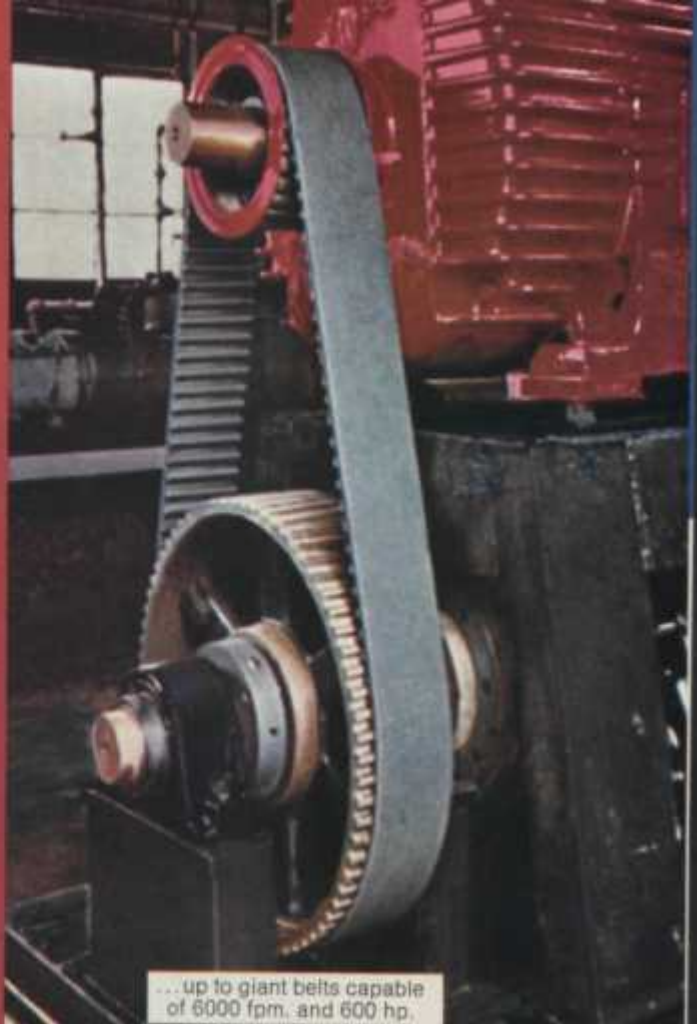
Check For Yourself:

Most Goodyear "PD" belts meet Class 2 tolerances—without grinding charges.

Class 1 grinding standard	Class 2 grinding standard	Average tolerances (without grind)	
		Goodyear Positive Drive	Leading Competitive synchronous belt
$\pm .005"$	$\pm .010"$	$\pm .010"$	$\pm .022"$



Positive Drive stock sizes range from miniature belts like this...



...up to giant belts capable of 6000 fpm. and 600 hp.

Dual "PD" belts let you drive pulleys both ways at once—with a single belt.

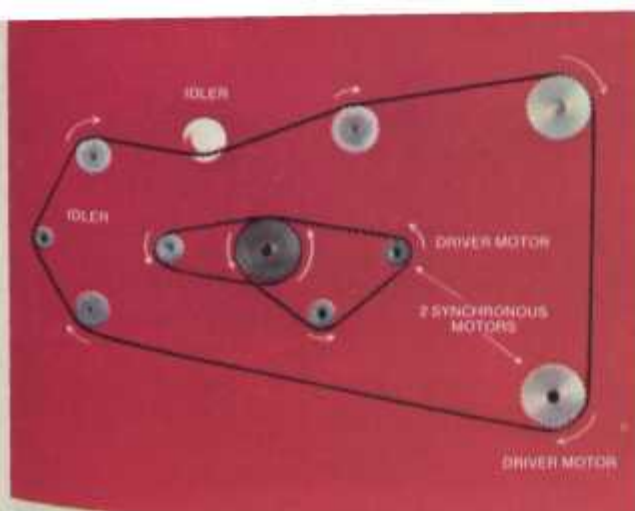


Dual "PD" belts are essentially Positive Drive belts with drive teeth on both sides. If the inner teeth turn pulleys clockwise, the outer teeth will turn them counterclockwise. *Only Goodyear makes Dual Positive Drive belts.*

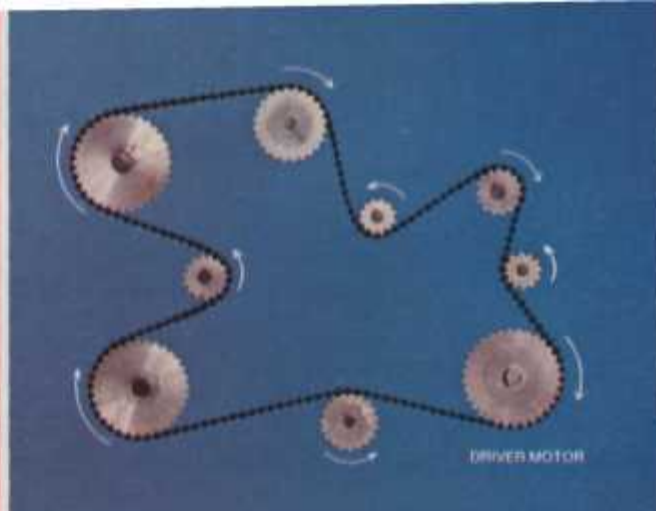
Their simple, yet revolutionary, construction means that one Dual "PD" belt can replace several belts in a complex drive system. This opens innumerable design possibilities for light machinery ranging from computers to medical equipment. See the examples on pages 6 and 7.

Double-sided Positive Drive belts are available from stock only from Goodyear. Dual "PD" belts are available in a full range of standard sizes with no minimum quantity requirements. Order them for slow speed, light load applications up through high speed (6,000 fpm) jobs. Outside belt teeth are capable of driving any one pulley with loads up to 45% of total belt capacity. (See diagram on next page.)

Dual "PD" belts operate in standard Positive Drive pulleys. Inside and outside teeth are positioned directly opposite each other, and both are identical in size and pitch. The inside (primary) driving teeth are faced with nylon, to increase wear of both the belt and pulley grooves.

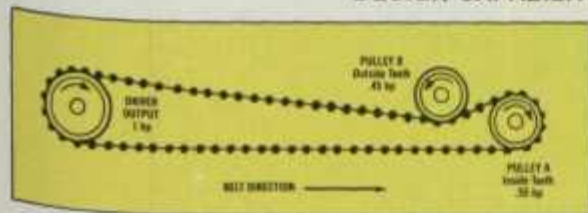


This drive requires 2 synchronous motors, revolving in opposite directions, and three belts to rotate a number of driven pulleys in directions indicated. Two idlers were added to increase pulley wrap and avoid obstructions.

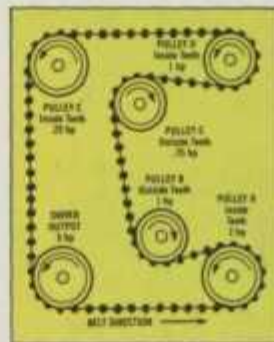


Note that this drive, using one Dual "PD" belt, eliminates 2 Positive Drive belts, 2 pulleys and one synchronized motor. The driven pulleys in this example are all synchronized and are rotating in the same directions as those in Diagram 1.

DESIGN CAPABILITIES OF DUAL "PD" BELTS



Sample drive 'A': assuming the driver pulley and belt are capable of transmitting 1 horsepower; .55 hp can be transmitted from the inside teeth of pulley (A) and .45 hp can be transmitted by the outside teeth to pulley (B) for a total of 1 hp, the rated capacity of the driver pulley.

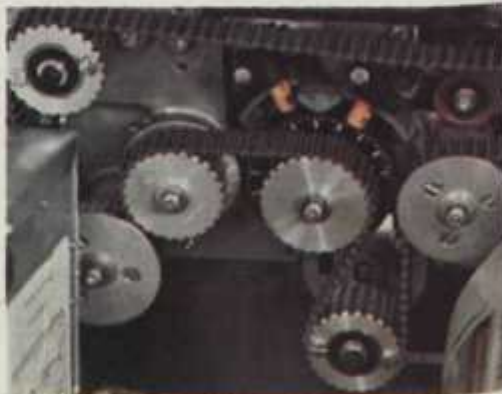


Sample drive 'B': using one driver pulley and five driven pulleys, a total of 5 horsepower is transmitted by the driver as follows: The inside teeth meshing with pulley (A) transmit 2 hp. The outside (or backside) teeth transmit 1 hp to pulley (B) and .75 hp to pulley (C). Driving with the inside teeth the belt transmits 1 hp to pulley (D) and .25 to pulley (E).

How Dual "PD" belts are helping

Because one Dual "PD" belt can do the work of several single-sided belts, Dual "PD" belts can greatly simplify designs for complex, compact machinery. Office equipment, X-ray machines and recording devices are just a few examples.

The savings can go far beyond the reduction in number of belts. Often, a



Dual "PD" belts drive this new card sorter mechanism used with computer systems. Here, one Dual "PD" belt and nine pulleys replaced a drive that originally consisted of seven belts, 28 pulleys and two gears.

engineers improve their designs.


second drive motor can be eliminated, because power can be transmitted in both directions with a single motor. In many cases, drives can be designed to use fewer pulleys as well.

These design advantages are being utilized in a number of machines already in production, such as the two shown on these pages:



Dual "PD" belts are used in the web module of this color copier. The belts enabled the engineers to obtain drive in two directions simultaneously with a single drive motor.





**Dual
"pd"
Belts**



**Positive
Drive
Belts**

Available in the following stock sizes

1/5" PITCH BELT NUMBERS

D100XL	D180XL	D220XL	D290XL	D450XL	D690XL
D110XL	D170XL	D230XL	D300XL	D492XL	D900XL
D120XL	D180XL	D240XL	D310XL		
D130XL	D190XL	D250XL	D330XL	Standard Widths	
D140XL	D200XL	D260XL	D362XL	1/4 inch = 025	
D150XL	D210XL	D290XL	D392XL	3/8 inch = 037	

3/8" PITCH BELT NUMBERS

D150L	D255L	D367L	D510L	Standard Widths	
D187L	D270L	D390L	D540L	1/2 inch = 050	
D210L	D285L	D420L	D600L	1 inch = 100	
D225L	D300L	D450L	D660L		
D240L	D345L	D480L			

1/2" PITCH BELT NUMBERS

D360H	D600H	D800H	D1100H	Standard Widths	
D450H	D660H	D850H	D1250H	3/4 inch = 075	
D510H	D700H	D900H	D1400H	1 inch = 100	
D560H	D750H	D1000H	D1700H		

Other lengths and widths available in mandrel quantities.

Available in the following stock sizes

1/5" PITCH IN 3 WIDTHS AND 21 LENGTHS
 3/8" PITCH IN 3 WIDTHS AND 20 LENGTHS
 1/2" PITCH IN 5 WIDTHS AND 25 LENGTHS
 7/8" PITCH IN 3 WIDTHS AND 12 LENGTHS
 1-1/4" PITCH IN 4 WIDTHS AND 8 LENGTHS

For additional information on Positive Drive or Dual "PD" belts, call your Goodyear distributor, or write Goodyear, Industrial Products, Box 52, Akron, Ohio 44309.

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"Dear Governor Gilligan: This is the nicest thing that has happened to us in a long time..."



Why did J. P. Riblet, head of the Galion Welding School in central Ohio, write to tell the Governor the good news — that the school was expanding its facilities, hiring more teachers, enrolling new students from all over the country?

Mr. Riblet wanted the Governor to know. Because Ohio's new Businessman's Ombudsman made it all happen.

It was the Ombudsman who helped win Veterans Administration approval for the 15-year-old trade school — approval long-sought but somehow entangled in red tape. Now the Galion Welding School has a new lease on life.

The Businessman's Ombudsman has given other small and medium-sized Ohio businesses a new lease on life...

Like Accurate Fabricating & Equipment Co. in Cleveland. Businessman Harold Sumpter's promising young firm — along with the jobs of 18 employees — faced a serious crisis. A \$150,000 federal loan

applied for in May, was still unaccountably delayed in November. A call to the Ombudsman brought quick results, with the loan confirmed in a few days.

And White Brothers Enterprises of Lima, Ohio — threatened with a \$100,000 loss if unable to meet a construction deadline. By expediting state approval of building plans (in days instead of the weeks nor-



mally required) the Ombudsman helped Don and Warren White meet their contract deadline.

The Ombudsman helps business in Ohio — in large matters and small. Helps new business get started. Helps established business to expand. Helps businessman find solutions to problems. So business can get growing in Ohio.

Another reason why we say: "Ohio... a nice place to raise a business."

For information, write: "Businessman's Ombudsman," Box 1001, Columbus, Ohio 43216. Or phone toll free: Outside Ohio, 1-800-848-1107. In Ohio, 1-800-282-1085. In Columbus, 469-4689.



a nice place to raise a business.

John J. Gilligan, Governor
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athletes themselves. That's why we set up special Olympic awards for them.

Send us \$1.00 and we'll send you a colorful Olympic emblem. \$2.00 will get you an Olympic pin.



#2—Pin

\$10 gets you a handsome gold embossed Olympic plaque. Or a woman's charm bracelet with three medallions. (Specify gold or silver.)



#5—Cloth Emblem

Covering the 1971-72 games.

Finally, for a contribution of \$100, you get a distinctive Olympic paper-weight containing a large bronze medallion embossed with the Olympic sym-



#5—Five-ring Olympic Pin

The United States Olympic Team is supported by the United States Government, right? Wrong. Total support comes entirely from individuals like you, and from corporations.

So the way we figure it, people who contribute to the Olympic Team are just about as much a part of the team as the

For \$5.00 you can have an embroidered cloth emblem. Or a man's tie-tac or woman's pin made from the five-ring Olympic symbol. (Specify silver or gold plate.)

Send \$25 and we'll send you a gold plated tie-bar and cuff link set with the initials "U.S.A." and the five-ring Olympic symbol. (A woman's pin may be substituted for the tie-bar.)

For \$50, you get the 1972 Olympic Book, a 400-page collector's item



#10—Plaque



#10—Charm Bracelet

bolts commemorating both the Winter and Summer Games.

There are even awards for contributions over \$100.

Of course, all contributions are tax deductible.

So get yourself an award. And help send our Olympic teams to the 1972 games.

Remember, America doesn't send a team to the Olympics. Americans do.



#25—Cuff Links & Tie-bar



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Make check payable to: Olympics '72.
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Enclosed is my contribution of \$_____

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The standard radiator on the new TRANSTAR® 4270/4370 trucks has 1200 sq. inches of frontal area. Equal to any standard radiator in the class.

And when you specify an engine over 350 HP, we give you an even larger 1500 sq. inch radiator. The largest available today in any truck in the Transtar class.

Behind the radiator grill, we've given you a cooling system with cast aluminum bottom tank bolted to strong, cast aluminum side members. To form a structure that cradles the radiator core and minimizes the effects of stress. You'll also see that we mounted the shutters to this aluminum framework for extra rigidity and



and the biggest optional radiator.

to give extra strength.

Maybe you always thought a truck's cooling system was a point of weakness. Well, visit your International dealer and look under the hood of a new Transtar truck. You'll see some unusual strength.

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International truck, the industry's largest heavy-duty truck service organization works for you.

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How to build a taxpayer

Helping a handicapped person become a useful, productive citizen isn't just a nice thing to do. It's very profitable. For the whole country.

Every dollar spent on vocational rehabilitation for a person with a physical or mental handicap will increase his lifetime earnings by \$35. Thirty-five taxable dollars that he earns himself.

Which is one reason there's a program that earns this kind of re-

turn on your tax money: the state-federal program of vocational rehabilitation.

It's called HURRAH—which stands for "Help Us Reach & Rehabilitate America's Handicapped." And it does more than make a valuable contribution to our society. It makes a valuable contribution to our economy, too.

To find out more about vocational rehabilitation, let us send you

our free booklet, "Rehabilitation—A Blue Chip Investment." For a copy, write to HURRAH, Box 1200, Washington, D.C. 20013.

You'll find out what high dividends we all get from investing in people. In dollars and cents.

The State-Federal Program of Vocational Rehabilitation.

Help Us Reach & Rehabilitate
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The U.S. Department of Health,
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advertising contributed for the public good



Lessons of Leadership: William S. Lowe *continued*

employment budget concept. There will be a day of reckoning.

What would you say is the biggest problem facing American business?

I think the series of problems with which we are confronted is so complicated that it is naive to pick one and say this is our problem. If I were forced to do it, I would say the problem of our whole society is the attitude of the people within the society.

In our business world we understand that success breeds success. Attitudes are more important than facts. Nothing is lost until a person gives up. We must keep working at it.

The top man must allocate some of his energies to areas beyond just running his company. I favor a sort of tithing—not necessarily money, but time.

I think every American businessman—and this is a rather broad statement—should give of his capabilities in areas for which he is not getting compensated.

He can take that 10 per cent of his time and allocate it to a church group, a college, a United Fund, or Boy Scout work. I am aware that if your company has come on hard days, the amount of time you will devote outside the company will get very small. Obviously, first things first, but the top man should see to it that the structure of his organization includes a social conscience.

How do you feel about the efforts to cure social ills by legislation?

I think some of the proposals represent an unfortunate trend.

For example, subsidizing people for not working is not a good thing. There are a few who will claim it is. Its defenders say it is a necessity—maybe not a good thing, but a necessity.

I agree completely that in a society as opulent as ours, the lame and the blind must have adequate help. But when you get into the area of those who see fit not to support themselves, then there is the question of how many we who work can support. It must be kept in mind that when you subsidize indolence and complacency you continue to breed these same characteristics; you don't cure them.

I would suggest the thought, sub-

ject to debate, that any able-bodied person can get a job today who really wants a job, who is ready to take what is offered and to work for what is being paid—or who is willing to take the necessary specialized and rehabilitational training.

Where did you start your business career?

At General Electric. I graduated from South Dakota State with several majors including electrical engineering, chemistry and education.

That year General Electric and other interviewers came on campus, as they still do, and I happened to be one of the lucky people who ended up with a job—jobs weren't too plentiful in the '30s.

I eventually wound up as superintendent of the small-appliance division in Bridgeport, Conn. Also while there I served as dean of students and dean of the physics department of Bridgeport Engineering Institute, a very fine evening school which conducted advanced courses in electrical and mechanical engineering.

What motivated you to move to SKF Industries a few years later?

I became a little restless, although progress was quite good. Large corporations have the eternal problem of requiring a certain amount of conformity which is essential to a large group.

I was a product of the Midwest, where individualism was somewhat characteristic. I wanted to test my wings.

After you left SKF, you went to Winsted Hardware?

Yes. A cluster of companies under the canopy of the old Claude Neon, Inc., had bought some small companies, among them Winsted Hardware Manufacturing Co. in Winsted, Conn., to use as a springboard for building a small-appliance producing company after the war.

Coming from a large company to one in which you were janitor, president, chairman of the board, design engineer, purchasing department and salesman, and in between supervisor of people, proved to be an excellent experience. They were wonderful people, and we went through the tran-

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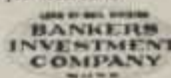
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The late A.P. Green (right), founder of the company that bears his name, was congratulated by Mr. Lowe for his long and valued services to the firm at an Oldtimers Party in 1950 honoring veteran employees.

and other members of the family, and it was apparent they were all anxious to bring in outside management. Also in the organization were many fine and capable people. The people in operations, most of them Midwestern, and the officer group were extremely capable.

So, the lure of this kind of life in the Midwest and the fact that both my wife and I had been born and raised out here brought us to Missouri and kept us here.

That was in what year?

1949.

What were some of the problems A.P. Green faced then?

We were being choked by freight barriers. We had no customers to speak of for our products in the immediate area, and our major competitors had plants in many other parts of the country.

We needed to obtain producing facilities in all areas where clay was available. We needed to muscle our way into the market, and the other producers took a dim view of that.

We had little money. Our stock was closely held in the family, but on the plus side many companies in our industry were family-owned at the time, all facing the same problems of liquidity and inheritance.

First, we needed to develop the feeling that we were going some place. We had some fine men. All we really needed was some quarterbacking. They had the know-how. I didn't.

So we became acquainted with other companies. Apparently our image was acceptable, so we arranged to merge with a fine company in Woodbridge, N.J. It gave us a geographic location we badly needed, a product line we didn't produce, and new customers.

How many acquisitions have been made over the years?

In total some 35 acquisitions over many years—some quite small and some fairly good sized—all in the refractory area. Only slight diversification—engineering and installation work, for instance.

When did you go public?

In 1965. Our name was A.P. Green

William S. Lowe *continued*

sition from war work to making blenders and other small appliances.

Most plants during the war worked anywhere from 50 to 60 hours—whatever people could physically endure. We had been operating long hours in this plant at Winsted and it was readily apparent that people weren't going to be satisfied or motivated to go back to a 40-hour week with a big reduction in take-home pay. The only solution was either to increase productivity or to increase the selling price of our products.

We cut down to six eight-hour days, then to 44 hours including a half day on Saturday. One day we called the group together and told them:

"Look, we don't want to keep working on Saturday. We must go back to working five days, but that would mean at least a 10 per cent pay cut for all of us, and nobody wants that.

"There is a way to overcome this. If each of us, whatever our job is, could produce approximately 10 per cent more work per hour than we now produce—and keep up the quality—we could then do about 44 or 45 hours' worth of output in 40 hours of work."

Then I said: "I think we can do it. I feel strongly enough about it that tomorrow morning, Saturday, we are not going to work. Let's stay home.

Starting Monday we are going to try to increase our production. We will try it all next week and our paychecks will not be reduced."

Of course, I wouldn't be telling the story if it didn't have a happy ending.

Our production went up something like 20 per cent.

Wasn't it a big jump from the hardware company to a refractory plant?

Very much so. At Winsted, I became so involved in the various companies of our group that I was seldom home. My wife and I didn't like this.

About that time good friends of mine in a well-known consulting firm in New York asked whether I was interested in a business in mid-Missouri. I said, "Sure, what is it?"

"Running a refractory company."

My answer was, "What is a refractory?"

They described it briefly and I pointed out that I had no know-how in that area.

But they persisted: "How about visiting the plant and meeting some of the owners?" This was a family-owned company then.

I agreed, but I could visualize complications with an outsider coming into a family company and trying to manage it. Then I met the founder

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William S. Lowe

continued

Fire Brick Co. then, but "firebrick" wasn't the right connotation.

Refractory materials are made in many forms. Over a third of what we produce is not the solid brick form. Some material is pounded in place; some is cast in place like cement; some is blown in place.

So we changed our name—and changing a company name is quite an undertaking.

Would you comment on the environmental issue?

It is probably readily apparent that we who produce products must assume a responsibility for the impact on the environment when these products are produced and used. But to leave our environment completely unchanged as man increasingly populates this earth is entirely impossible. The problem then is what controls should be imposed, by whom they should be enforced, and what the impact on our way of life will be.

It is impossible to remove fireclay from the ground and leave the ground in its virgin state. Yet the well-being of mankind benefits by the utilization of fireclay. So the challenge is to leave the area behind you in the best possible arrangement for the benefit of those who are going to see it or live on it. This is what all those engaged in the extractive industries, mining of all kinds, are diligently attempting to do.

I think all of us—we certainly do—accept full responsibility for leaving the land in the best possible arrangement. We nearly always convert our pits into ponds or lakes, dressed up so they are useful. If you don't like to fish or boat, you may say the land isn't any better than it was. But if you like to fish, you are glad we came.

Obviously, man is an animal who consumes food and gives off waste of various kinds that is detrimental to his environment and could even make it uninhabitable. Thus pollution is everybody's problem.

We have always had the problem of safety, but probably we who work in American industry are as well off as anyone in terms of on-the-job, safe environments. Employee and employer, as well as the public, are agreed that a safe place to work is the No. 1

requirement for a good work environment.

You feel the government has gone too far in this safety area?

I feel that the government, in trying to legislate in areas where it is difficult to do so, is going too far by duplicating inspection services and facilities in plants where safe precautions are well in hand.

All these inspections cost money, and it must be kept in mind that there is only one source of the funds that the plant needs to bring about these changes. That is the consumer.

Whoever buys the product pays the cost of safety protection. The total cost of environmental control also must be paid by the consumer.

Return of the environment to its original state is ludicrous. Tall, waving grasslands, feeding buffalo on the plains of the United States, are gone forever.

Even if we could restore them, many of us would go hungry. So let's not think of maintaining things in the natural state. Conservation is wonderful, but preservation is ludicrous. Let's be concerned with conservation of our resources for the best use of our people and the best habitat we can create.

But we can't preserve things as they once were.

You do quite a bit of work with young people, don't you?

I have been a member of the board of trustees, and presently am the chairman, of a very fine girls' school, William Woods College, located just south of here in Fulton.

Also for many years I have taught a Sunday school class.

In addition, we have in Missouri what we call the Missouri Freedom Forum, which has continued for 10 years. The State Chamber of Commerce invites from over the state as many high school juniors or seniors as can be accommodated, using the facilities of the Missouri Military Academy during vacation, to attend classes very informally for five days. We bring in economists, sociologists, political scientists and other persons to explain our government, how it operates in our competitive enterprise society. These young people are

selected by local groups who sponsor them and pay their tuition.

My part is usually the initial talk on Sunday evening at vespers. You may ask, "Why do you start a discussion of economics with a religious service?"

I suggest that our system, though not perfect, is predicated upon a moral consensus. Right and wrong are defined by law and agreed to by moral code. They are closely inter-related.

I don't mean to imply every businessman in the United States goes to church on Sunday and believes in the existence of a Supreme Being and never violates a law. We are human beings.

The important thing is intent.

Most people intend to obey the law. It won't work if consent of the governed is not there. Nor can we reserve the right, as some did a few years ago, to violate the law if we think the law is wrong. That cannot be a premise on which we can build a free society.

How would you describe a successful man?

To me, a successful man is one who takes those capabilities with which he is endowed at birth and those which he acquires during his lifetime and uses them the nearest to the maximum of his ability to benefit the social and economic structure in which he lives.

The most successful man I have known in the city of Mexico, Mo., was the custodian in a local school. He had a marvelous ability to lead a Boy Scout troop and was a Boy Scout leader for some 35 to 40 years.

He probably influenced beneficially more young men in this town than any other single individual, including the president of any corporation.

END

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How Now, Mao?

Can that be a bit of capitalistic thought creeping in amid the Marxist experimentation behind the Bamboo Curtain?

Have filed under his name



PHOTOS: WILLIAM H. ...

Have under her name

Dongfanghong worker Li Chin Ming flashes a smile as she describes the five-bit, multidrill press she operates. Designed and built in the factory, it tripled her production, she claims.



China needed industrial development, so Fung Ke (taking tea break at left) was transferred from a municipal post to the vice directorship of the Dongfanghong auto works. He'd had no technological or manufacturing experience.

Haul

Tricycles like this one hauling office furniture are the most common form of pickup-and-delivery transport within cities. In Shanghai, fewer cars and trucks seem to ply the streets today than a quarter century ago.



Astonished, I listened as two factory heads denounced workers with "ultraleftist tendencies" who had "tried to overthrow everything."

Detroit? Some other bastion of capitalism?

No. I was in that citadel of communism, Peking. The speakers who were addressing me—and other U.S. journalists covering President Nixon's visit to the People's Republic of China—were Ching Ping, 54, head of the Revolutionary Committee of the Dongfanghong Automobile Plant, and his deputy, Fung Ke, 49.

Ranged along a 35-foot table in the factory office building, and nodding agreement, were other members of the Revolutionary Committee—ordinary

WILLIAM M. RINGLE, author of this article, was among American journalists who went to Mainland China to cover President Nixon's visit there in February. A Washington correspondent for Gannett News Service who has contributed to *Nation's Business* a number of times, Mr. Ringle spent five months in China in 1945 and '46 as a Navy lieutenant.

workers, technicians and persons drawn from political "cadres."

Ching and Fung had been asked whether the "cultural revolution"—the ideology-spawned turmoil that rocked China in 1966-68—had disrupted production at their factory. It had, they said.

Afterward, they said, they were forced to increase production to overcome the effects of "ultraleftist tendencies."

How had these tendencies impeded production?

The ultraleftists had been "skeptical about everything and tried to overthrow everything," Ching complained.

"For example," Fung grumbled, "there were certain regulations posted in the workshops. The ultraleftists said all this was 'wordage' which hindered the workers."

"As a result," said Ching, "some very good regulations—for example those to guide workers and those governing job safety—were done away with. They said, 'These things don't matter.' Actually, they were very necessary."

The plant produces a vehicle that

the Chinese—without permission—call a Jeep.

In 1969, production was 4,000 Jeeps, Ching and Fung said. The following year, they said, it climbed to 7,000, and in 1971 it reached 10,000—twice the capacity for which the plant, originally merely a repair facility, was designed. In addition they boasted of production of 100,000 auxiliary parts against a design capacity of 30,000.

Proudly they told us these gains stemmed from machines and techniques devised by a "three-in-one" combination of technicians, "leading cadres" (communist political leaders in the Revolutionary Committee) and workers on the machines.

Onus on the bonus

We asked about the worker who is particularly innovative in these "three-in-one" efforts. Suppose he makes a lot of suggestions that save time and money and increase production. Does he get bonuses or other rewards?

I outlined how our industrial suggestion system works and asked if



Chinese "Jeeps" receive final tuneups at the Dongfanghong plant. The army and civilian government agencies get the four-cylinder cars. Each sells for about \$1,305 over cost. The state sets the price, and then factory heads seek economies to meet "profit" goals.

they had anything like it. Ching replied: "In the days before the cultural revolution there was such a system.

"But in our view it is 'revisionist.' In the course of the cultural revolution the workers' political consciousness was raised. Now we rely mainly on their political awareness, not on a bonus system."

Dongfanghong does not even pay overtime for work beyond its six-day, 48-hour week. (However, "fringe benefits" include free medical care, 56 days' maternity leave, and a kindergarten-nursery school so small children can accompany their parents to the factory.)

Despite this repudiation of incentives I got a different view the next day while we were being shown around the Nayang People's Commune, a farm collective of 30,000 people. I was chatting with Hsu Ming, chairman of the production brigade.

About 140 years ago in the United States, I told him, there had been a rash of communist and socialist communities. But most collapsed in bickering because there always were

members who didn't do their share. I wondered: Isn't that a universal human problem? How did they deal with shirkers at Nayang?

Said Hsu: "We don't have the problem because we give more pay for more work."

I wasn't sure I'd heard correctly, so I asked him again. Sure enough, the commune offers a financial incentive for extra work—the very system denounced as "revisionist" in the industrial plants.

Orthodox dogma seems to bend a bit for the peasants in other ways, too.

Peasants, for example, can own their own houses and the land they stand on.

Industrial workers in cities can't. Every family at Nayang has a private plot to grow vegetables on, said Li Hsu Hwa, chairman of the Hua Fang (Oak House) production unit, one of five that compose the Nayang Commune.

Needs, indeed!

Marxist tenets also can be ignored at industrial plants, however.

Violations of a fundamental tenet—

that each worker is expected to produce "according to his abilities," but is paid only "according to his needs"—were glaring at Dongfanghong.

Ching Ping, the head of the factory's collective leadership, is paid 196 yuan (about \$85.26) a month. His sidekick, Fung Ke, is paid 170 yuan (\$73.95).

Yet average pay for workers in the plant, they said, is about 50 yuan, with the range spread over eight pay grades beginning at 34 yuan and rising to 108 per month (\$14.79 and \$47 respectively). Differences in grades are determined by skill and seniority. Fung told us. "Needs," the criteria laid down in Marxist writ, weren't mentioned.

By contrast Fu Feng Kuei, the interpreter assigned to another correspondent and me, earns 69 yuan a month as a professor of English in the Foreign Languages Institute. His wife, a medical doctor who specializes in heart disease, is paid 66 yuan.

Yet I was told of an astronomer at Peking University who earns 320 yuan.

Chinese taxed with this difference between communist theory and practice conceded imperfections. But they said they are closing the gaps.

The real Jeep is cheaper

Each Dongfanghong Jeep, said Fung, is sold at a 3,000 yuan profit—to the army or to government civilian agencies. The profit goes to the state.

(When I later told the Jeep Corp., of Toledo, Ohio, that the Chinese were using its trademarked name, the company was less than overjoyed, but conceded it was powerless to stop the practice. The Chinese don't subscribe to international trademark conventions.

(However, Jeep Corp., owned by American Motors, can console itself with production figures that eclipse the Chinese. With 4,200 workers it turns out 55,000 autos a year compared to the 10,000 produced by 8,000 Chinese workers.

Besides, Jeep Corp. markets four distinct four-wheel-drive vehicles—a station wagon, the regular Jeep, a pickup truck and the Commando, a closed Jeep which has a longer wheelbase—in a variety of colors, engine

sizes, and extras such as air-conditioning and power steering. The Chinese model is essentially a stripped-down, four-cylinder, four-wheel-drive vehicle somewhere between a Jeep and a command car in size.

(Even with the labor cost discrepancy—U.S. Jeep workers draw an average \$9,000 yearly for a 40-hour week—Jeep Corp. markets its autos at \$3,000 to just under \$6,000. The price tag on each Dongfanhong vehicle is 14,000 yuan, or \$6,090—well over 10 years' wages for the average Chinese.)

(U.S. Jeep's edge can be attributed of course, to modern machine tools and automated and computerized systems. A desire for heavy machine tools was one reason Chinese leaders responded to President Nixon's overtures, many China experts believe.)

Neither Ching nor Fung, the two auto plant chiefs, are precisely analogous to the top executives of a U.S. auto company.

Neither had any experience running a factory before he came to Dongfanhong. Ching commanded an infantry battalion in the Eighth Route Army. Fung was an official in a municipal government, comparable to that for a county, near Peking.

There are other differences. Each must toil one day a week in the plant as a common worker. Fung said he puts in his stint in the tool shop. Ching works in the chassis shop.

How? Mao!

But they said they are bolstered by something special: Chairman Mao Tse-tung's teachings.

These, according to a government press release, enabled their plant to overcome "such handicaps as lack of experience and technical know-how and insufficient equipment." Two Maoist doctrines of special value at the plant, the press release said, were: "Maintain independence and keep the initiative in your own hands" and "rely on our own efforts."

At both the auto factory and a turbine-generator works, the Peking Heavy Electric Machinery Plant, there still were some Soviet, Japanese, Czech, Italian and other foreign machines. But many machines and systems had been built by the Chinese themselves with their "three-in-one" method.

In the generator plant, for example, I was told that a five-meter, single-arm vertical lathe had been designed and built there.

I asked that a workman be called down off the machine. He was Liu Kuang Chia, 28, an eager, loquacious man. I asked him to show me specifically his contribution, if any. He said that he'd had nothing to do with designing the machine proper, but then he pointed to the lathe's control box hanging nearby and explained that changes he'd suggested had been incorporated to make the speed control system less complicated.

"You'd have to pay one million yuan [\$435,000] for a lathe like this," he boasted. "We made it for 90,000 [\$39,150]."

"Three-in-one" teams also were credited with designing and building a 30-ton high-speed forging hammer, a 12-by-four-meter planer, a huge boring machine and many others in the plant where steam turbines and turbo-generators of 6,000 to 50,000 kilowatts and 250-to-3,200-kilowatt electric motors are produced.

We did not see two innovations reportedly developed in China—a water-cooled turbogenerator, or diesel engines made of baked clay. (An American ceramics researcher was skeptical when I discussed the latter with him. "Any ceramic strong enough would be harder and more difficult to machine than any steel," he said.)

Retailing in Communist China bears more similarity to that in the United States than you might expect—though the differences, of course, are wide.

Brand names, but no ads

Attempts to stir buying impulses are not as strong as in a free enterprise society. But distribution hasn't shaken down to a dull, cheerless operation, utterly unresponsive to consumers, either.

There are stores in Peking and Shanghai that remain open around the clock for late-shift workers who want to buy at night. Store windows do have displays of goods, although they are not exciting.

Some private enterprise was allowed to hang on in China for a while after the Communist take-over, but

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
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(Call Collect)

How Now, Mao? *continued*

since 1956 there has been none. And yet, brand names persist—although all products are state-manufactured and distributed. There is a variety in cigars ("Great Wall" seems to be the leading brand) and cigarettes. (Anti-cancer worries, oddly, haven't touched the health-obsessed Chinese, and admonitions against smoking do not appear on their cigarette packages.)

Even motor cars, though not available for private ownership, have distinctive names ("Shanghai," "Red Star").

There are, however, no commercial advertising signs.

Many small shops are devoted to a particular product or service—eyeglasses and wristwatches, thermos bottles (popular items for keeping tea hot), antiques, herbs, dumplings, bicycles or plumbing goods. All are made in China. Nowhere did I see imports for sale.

Many items seemed beyond the consumer's reach. For example, a motorbike, made in Tsinan, was displayed in Shanghai's "No. 1 Department Store" (a former private firm, "Shanghaishi Di-Yi Baihuo Shangdian"). It costs 650 yuan, or more than a year's wages for the average Dongfanghong auto worker.

Another American journalist and I had entered the store spontaneously and unannounced on a Sunday afternoon. A young man, Liu Li Ho, immediately attached himself to us as a guide. He proclaimed himself an "ordinary worker" there—at the button counter—but we elicited the fact that he was on the store's Revolutionary Committee. Whenever we entered any enterprise, a member of the Revolutionary Committee, like Mr. Liu, materialized.

An awesome silence

He said the store sells some motorbikes every day, but the streets bore little evidence of it. Pedaled bicycles, and an awesome, motorless silence, were predominant, although there were diesel buses as well as electric trolley buses.

There never have been many autos and trucks in China, but a striking difference from the post-World War II China I knew—I was in Shanghai in 1945-46—is how few there are now.

The most common means of intra-

city pickup and delivery, even in Peking and Shanghai, is the tricycle with a flatbed laid over the two rear wheels. Frequently these are pedaled by old men.

The ubiquitous bicycles generally cost about three months' wages—124 yuan (\$54) for a Thongguo, made in Shanghai, to 187 (\$81) for a "Flying Pigeon," also Shanghai-made. They are simply coaster-brake models, not equipped with multispeed gears.

The buying power of a month's wages cannot be judged entirely by U.S. standards. In China rent is very low—it's likely to be 5 per cent of a month's salary. Health care is cheap, or free. Most food also is cheap.

Consumer installment buying is forbidden. But there are bank savings accounts (which pay interest that fluctuates; right now the rate is about 3 per cent for individuals). So the Chinese save for their bicycles, and for sewing machines.

Examples of the latter we saw in the department store were all treadle-powered and cost about 144 yuan, or roughly \$62. Sewing machine sales clerks and Mr. Liu claimed electric-powered models had just been "sold out," but were hard put to remember the prices (they finally decided on a range of from 190 to 300 yuan).

Cooking oil, rice, flour and cotton cloth are the only items rationed, but the Chinese insist that the rationing is merely to prevent hoarding and that every individual has all he wants to eat. Food does appear abundant and in great variety. Well-patronized restaurants of all kinds were scattered through the three cities we visited—we went to Hangchow as well as Shanghai and Peking.

One pleasant surprise is that much of the Chinese gourmet cuisine has survived—although patently not for everyone.

Walking along a Peking street, an acquaintance remarked to columnist-editor William F. Buckley Jr. that China, like other communist societies, boasted "full employment" but really had a large number of supernumeraries on payrolls who weren't producing any real wealth.

"Yes," said Mr. Buckley with a sly grin. "I get the impression that half the population here is cooking for the other half."

END

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Greener Pastures Beyond the Ivied Walls

This year's crop of M.B.A.'s finds the job outlook more promising—even if it isn't quite as lush as it was a few years ago



ILLUSTRATION: RALPH ROBINSON

"The Winds of War" may be the best-read book in most of America. Or perhaps it's "Wheels" or "Day of the Jackal."

But not at Indiana University's Graduate School of Business.

In that big, gray pile of Indiana limestone, the volumes perused most avidly say things like this:

"If you are a person with a positive outlook and a common sense approach to problems . . . restless with ambition . . . willing to make decisions and with a readiness for responsibility, Procter & Gamble offers a future rich in opportunity."

That quote from P&G's brochure, "Careers in Business Management," may not seem as catchy as a page of fiction. But for the class of 1972, it packed a punch.

It said what they wanted to hear: "Come on in; the water's fine."

This is the type of invitation some 16,000 M.B.A.'s, out this May and

June across the country anxiously awaited.

"They're more concerned than they were a year ago," says Indiana School of Business Dean Schuyler F. Otteson, "and much more concerned than two years ago."

"Up until then, companies were stockpiling M.B.A.'s; they were buying bodies."

"Last year was the first tough year. This year's class members were conditioned by that. They have a very competitive attitude."

Did the market for M.B.A.'s hit bottom last year?

Most clues point in that direction.

Even on the West Coast, Dean Arjay Miller, Graduate School of Business, Stanford University, finds demand stronger.

"About 160 companies signed up to interview June masters of business administration on the campus," he says. "The number of companies is

down from a year ago. But the number of offers is up about 5 per cent."

And, the West Coast could be a hardship case. Congress dealt the Coast's aerospace industry a body blow when it killed the SST. That followed earlier cuts in defense and space-program spending that left many West Coast firms reeling.

"I think we're on sort of a plateau, tilting upward," says Dean Kermit O. Hanson, Graduate School of Business Administration, University of Washington. "And placement officers tell us the M.B.A.'s are the bright spot on the scene."

"Last autumn was the low point for us. Now we're back to where we were a year ago."

"We're getting many more inquiries from smaller firms not active before. They don't come out to the campus to recruit, but they list openings. And they're mostly firms from our metropolitan area."

Elsewhere, the horizon is even brighter for the graduates.

Richard J. Thain, director of placement, Graduate School of Business, University of Chicago, says: "All the indices in my office are up."

At the Amos Tuck School of Business, Dartmouth College, the number of companies recruiting on campus is about 10 per cent higher, says Assistant Dean Robert Y. Kimball, director of placement.

"What's more important," he adds, "is the increase in the number of job opportunities. The economy has opened up enough to hire more M.B.A.'s. Last year, the attitude was: 'We can't afford the luxury of hiring them.'"

Harvard's School of Business has fewer companies recruiting on campus—but that's because John E. Steele, director of placement, suggested that they not come unless they were making firm job offers.

So the number on campus shrank from 328 to 266, as of Feb. 1, he reports.

Students had fewer interviews, too, under a new policy of limiting them to 12 at most.

"This does away with window-shopping," Mr. Steele explains.

But the 1972 Harvard M.B.A.'s will do as well as last year's crop, he believes—thanks, at least in part, to a transformation in the students' own attitude.

"They're working a hell of a lot harder than a couple of years ago, when it was a seller's market," he says.

The placement office at the University of Indiana business school has a big, cheerfully decorated area where students arrive early to nervously await that crucial encounter with the recruiter.

It resembles the waiting room near the hospital maternity ward where expectant fathers fidget and pace.

But the walls are lined with racks holding recruiting brochures like that of Procter & Gamble.

Fledgling M.B.A.'s—soon to enter the world outside the ivied walls of academe—walk away with fistfuls of them.

Or sit on the padded benches, poring over company literature, in last-minute cramming.

You see the same anxious look in the faces of their peers in the halls of Harvard, under Stanford's Moorish arches—in fact, on any business school campus.

Accounting counts

M.B.A.'s with a strong finance or accounting background are in the catbird seat, business deans say.

"There's a significant increase in the amount of recruiting by C.P.A. firms," says Dean Glenn D. Overman, school of business, Arizona State.

"Demand for accounting is still high," concurs Dr. Wayne Meinhardt, head of the department of administrative sciences, College of Business Administration, Oklahoma State.

Peat, Marwick, Mitchell & Co., one of the Big Eight in the accounting field, will hire nearly 1,000 June graduates.

"About 30 per cent of them will be M.B.A.'s," says David W. Thompson, partner in charge of personnel.

"During the past 10 years, we've averaged about a 15 per cent increase, year after year, in the number of college graduates we hire.

"More and more of them are M.B.A.'s. In 1960, about 10 per cent of them had just earned that degree. Last year, it was about 25 per cent. Now, it's close to a third."

Why the growing demand for fiscal wizards?

"Our business doesn't gyrate wildly with the economy," Mr. Thompson explains.

"Whether business is good, or bad, you still need an audit. And whether it slows down or speeds up, you still need someone to do the tax work."

Other factors are also at work, as Stanford's Dean Miller points out. "More and more," he says, "there's recognition of a real financial crunch in our society. We're moving into an era where there's bound to be great demand for financial skills."

Premium for minorities

Black or Spanish-American M.B.A.'s are in great demand—and tend to command a premium, some deans and recruiters report.

"All employers tell us, when they ask for recruiting dates: 'As you know, we are an equal opportunity employer, and we are especially interested in

black, bilingual or female M.B.A.'s," says Arizona State's Dean Overman.

"By bilingual, we think they mean Spanish-Americans. There are lots of them in the state, but few in the university.

"All the companies are asking for them, but we don't have them. I wish we had more. We have the market for them, but not the supply."

The salary outlook for M.B.A.'s is firm, not skyrocketing as it was in the Sixties.

At Boston College's business school, Dean Albert J. Kelley says: "Salaries are getting a little higher, with the median about \$13,000."

At Maryland University, Dean Donald W. O'Connell, College of Business and Public Administration, says:

"Salaries seem about the same as last year. Offers are coming in later, so it's a little hard to judge. But the average seems about \$14,000."

"It's not the seller's market of '68, '69 or '70," says Dean Clark Myers, of Emory University's business school.

"As usual, the top people will have no trouble, and will have considerable choice of job opportunities.

"But some will have to choose one of two jobs—not five or six—and those will not necessarily be their top career choices."

Back to the bull market?

Will M.B.A.'s ever see a return of the bull market in job offers that peaked from 1968 to 1970?

John Demlow, supervisor of college recruiting for Chrysler Corp., says No.

"In 1969," he says, "we were looking for 25 or 30 M.B.A.'s from the June class. This year, we're looking for 10 to 15.

"I think the demand will continue to grow, steadily. But we'll never get back to '68 and '69.

"That was a wild period. Industry suddenly felt itself in short supply of management talent. It was playing catchup."

Dean George Odiorne of the University of Utah's school of business sums up what seems to be a consensus of recruiters and deans when he says:

"Good men are still in demand. I'm bullish on the M.B.A. degree." END

Building "Bridges" Across the Atlantic

A prestigious group of U.S. and European businessmen, meeting in a setting redolent of historic diplomacy, has been discussing how to deal with international trade issues



Top businessmen from the U.S. and Common Market nations came together in Versailles for fruitful talks. Chatting here are (from left) William Blackie of Caterpillar Tractor, David Rockefeller of Chase Manhattan Bank and Count Boël of the Belgian chemical firm, Solvay.

PHOTO: DOMINIQUE BERNETTY—BLACK STAR



French Finance Minister Valéry Giscard d'Estaing spoke strongly against American economic policies.



Chairing meetings were Paul Huvelin (left), president of France's National Council of Employers, and Archie K. Davis, then president of the Chamber of Commerce of the United States. Headphones carried translations.

VERSAILLES, France—Versailles is permeated with the spirit of historic negotiation. To this city in northern France, just outside Paris, came Clemenceau, Lloyd George, Orlando and Wilson in 1919. They met in the Trianon Palace Hotel to reach agreement and then repaired to the Hall of Mirrors in the Palace of Versailles to sign the treaty formally ending World War I.

With this background in mind, Versailles and the hotel's Clemenceau Salon were selected as the site for a meeting this March of one of the most prestigious groups of businessmen ever assembled.

The Chamber of Commerce of the United States and the Union of Industries of the European Community (UNICE) arranged the meeting. Co-chairmen were Archie K. Davis, then Chamber president, and Paul Huvelin, president of UNICE. Mr. Davis is chairman of Wachovia Bank and Trust Co., Winston-Salem, N.C., and M. Huvelin, in addition to his duties at UNICE, is president of the National Council of Employers in France.

The meeting of 40 American and 48 European bankers and industrialists came at a critical time in U.S.-Common Market relations. Britain, Ireland, Denmark and Norway re-

cently have been voted into the Market. How the Market's enlargement from six to 10 nations would affect U.S.-European trade and investment was one of the main subjects of discussion.

Others were how to combat growing protectionism on both sides of the Atlantic—one particular topic was the persistent problems in selling American agricultural products in a Europe which heavily protects its own farmers; the need for better public understanding of multinational companies; the need to modernize the General Agreement on Tariffs and Trade (GATT); the changing role of the dollar, and effects of devaluation of the dollar and revaluation of European currencies; expectations of a Eurocurrency; expansion of the role of Special Drawing Rights (SDR's); expansion of direct European investments in American companies; and making it easier for European executives assigned to their companies' American operations to get visas and settle in.

There was no attempt to pass resolutions; the idea was, instead, to reach consensus which would be carried home to various national capitals so that political and civic leaders could be quietly acquainted with problems and suggested solutions.

There also was the clear desire that similar meetings be held, probably on an annual basis and possibly becoming three-way, encompassing U.S., Common Market and Japanese executives.

The only discordant note came when France's Minister of Finance Valéry Giscard d'Estaing greeted the delegates with a surprisingly blunt discussion—many Americans termed it an "attack"—on U.S. economic policy. One American said afterward, "We came to build bridges with our European counterparts, not to burn bridges."

M. Giscard d'Estaing criticized the dollar's devaluation and inconvertibility, President Nixon's New Economic Policy, and American attitudes. He said France would be far less ready to cooperate in any future dollar crisis.

One main line of feeling in the American group was that if M. Giscard d'Estaing wanted to read a lesson to the Yankees he had the right to do so, but that he had chosen the wrong place for it.

Count René Boël of Belgium, honorary chairman of the chemical giant, Solvay & Co., gave what amounted to an apology for the French minister's speech.

Count Boël emphasized the debt

Building "Bridges"

continued

Europe owed the United States—"I, for one, will never forget America's generosity after World War II," he said—and added that despite frictions, the U.S. and Common Market nations would remain staunch friends. He received a standing ovation.

The general meeting was divided into three joint working groups which dealt with trade, multinational investments and monetary affairs.

Trade

Robert Ingersoll, then chairman of Borg-Warner Corp. and now U.S. Ambassador to Japan, and Jean-Jacques Guerlain, director general of the French perfume firm, Guerlain, chaired trade talks.

Their group raised the question that GATT rules should be made more flexible to deal more effectively with rapidly changing economic realities.

Common Market preferential arrangements for former African colonies and even for Mediterranean countries which do not intend to join the Market were brought up and some of the American delegation said these arrangements might be in violation of GATT and certainly discriminated against U.S. trade with those nations.

Prince Guido Colonna di Paliano of Italy, formerly a Common Market commissioner, agreed this is a problem and at one point asked, "Just where does the Common Market stop?" Other Europeans wondered if the Market is going too fast and too far.

Strong sentiments were expressed for another round of tariff cutting, possibly next year. Prince Colonna said the Market, Japan and the United States should work toward a "zero tariff."

There was agreement that agricultural problems are politically sensitive and the most difficult of all to surmount. But there also was agreement that some progress is being made in easing the way for American farm products to enter Europe.

The American position was that progress is not fast enough. Europeans said they cannot move much faster because of the fear of too rapid displacement of the 14 per cent of



Liveried waiters, wine stewards and attendants served the final banquet in the Battle Salon of the Palace of Versailles. Once, French monarchs held court and gave lavish dinners here.

their population which is engaged in farming (the American figure is only 4 per cent). They pointed out that the Market's farm population drops by half a million a year.

There was general agreement that negotiations should go forward to dismantle nontariff barriers on both sides of the Atlantic, particularly technical and environmental standards and legal and administrative controls.

Multinational Investment

The multinational investment discussion was co-chaired by Ian MacGregor, chairman of American Metal Climax, Inc., and J.R.H. van Schaik, president of Shell Oil Co., of The Netherlands.

The Americans familiarized the Europeans with the Burke-Hartke bill now before Congress which would sharply curb U.S. foreign trade and investment. The bill, backed by unions, has been called one of the greatest threats to American business in the years since World War II. Some Europeans had never heard of it.

At some point, probably several years hence, the Market will have devised rules for forming European limited companies which would have more than one "home" country. Ways of fitting this entirely new formation into world trade and trans-Atlantic relations were discussed.

Europeans also pointed out that multinational companies are not American inventions, that the Old World had them centuries ago.

Both Europeans and Americans

hoped that European direct investment in the United States would continue to expand and that impediments to such investment would be removed. The Americans invited their European counterparts to specify obstacles to foreign investment in the U.S.

The group agreed that freedom of trade and investment are linked and it was pointed out that the most highly developed Western countries are usually those with the greatest degree of freedom for foreign investments. Multinational companies, it was argued, should have the same degree of freedom that domestic companies have.

It also was pointed out that long-term American investments in Europe have made a major contribution to the U.S. balance of payments and that on a world-wide basis, direct U.S. foreign investments have returned \$8 billion a year to the United States. This is twice the annual outflow of investment dollars.

Monetary

Some of the most spirited discussions came in the monetary group, co-chaired by David Rockefeller, chairman of Chase Manhattan Bank; Wilfrid Baumgartner, chairman of France's Rhone-Poulenc company and E.O. Faulkner, chairman of Lloyds Bank of Britain.

Discussions took place soon after a slide presentation and speech on U.S. monetary and trade policies by Gaylord Freeman, chairman of Chicago's First National Bank. At one point, Mr. Freeman said that de-

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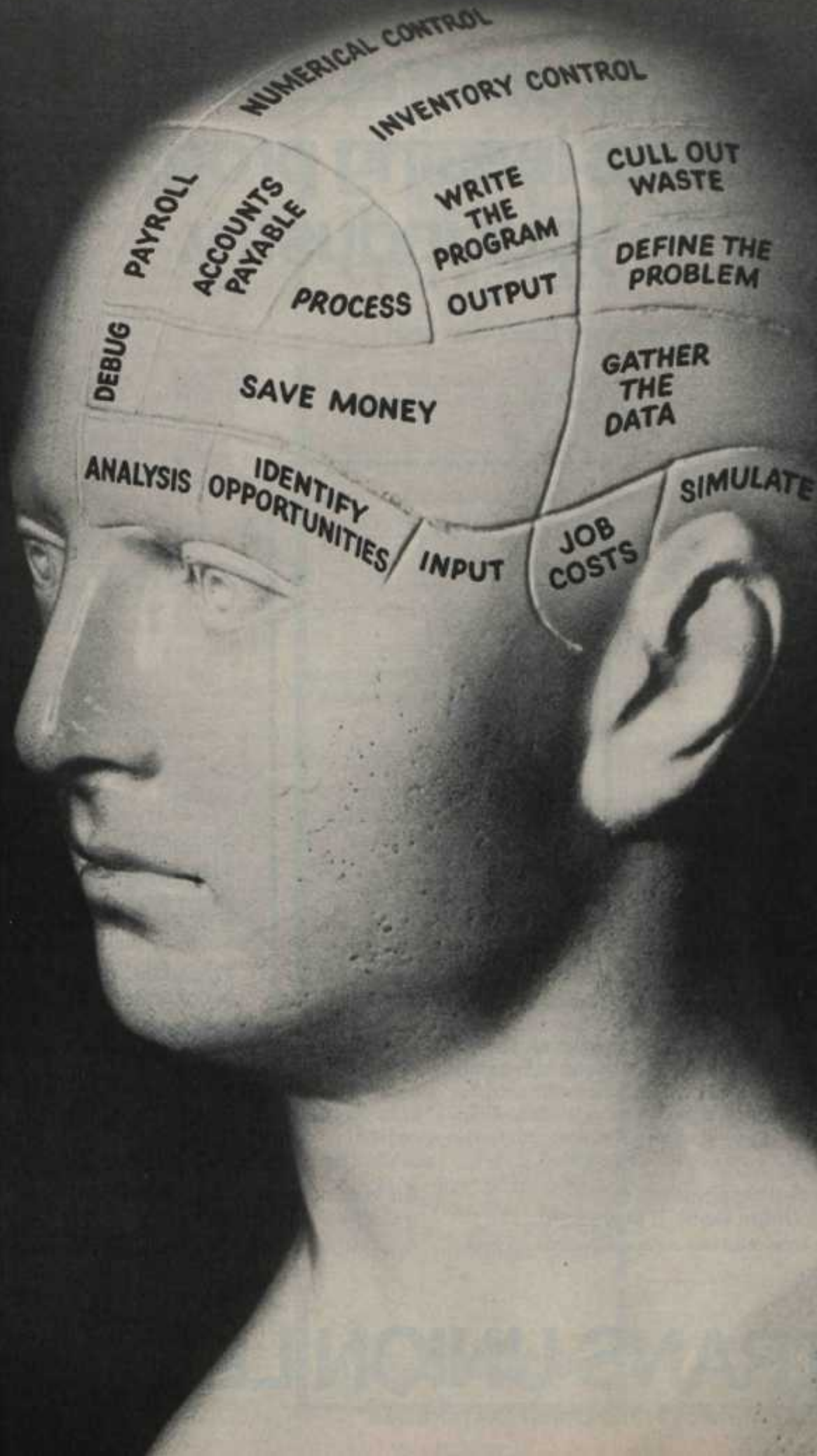
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valuation during a balance of payments crisis is like a man taking an aspirin for a hangover. If he simultaneously stops drinking, the aspirin will help. But if he keeps on drinking, it won't.

Talks dealt with high U.S. production costs, excessive labor demands both in the United States and Europe, union political power, the threat of protectionism in the United States, noncompetitive depreciation rates, and discouragement of investment.

One problem for the United States, it was pointed out, has been that earlier unilateral devaluations by European countries in effect revalued the dollar—which in turn made U.S. prices less competitive in world markets.

Several Europeans criticized the United States for allowing more than three months to pass between devaluation in December and enactment of the attendant bill increasing the price of gold. Also, U.S. interest rates were said to have been too low to attract dollars back to the United States.

Participants in the monetary meeting agreed that the system of relatively fixed parity levels should remain, and there was considerable praise for the Bretton Woods agreement which has guided international monetary affairs for a generation. However, the consensus was that the system should be made more flexible.

There was general endorsement for creation of a Eurocurrency, although there were many opinions on just when this should take place. There was widespread agreement, too, that the dollar should be made convertible again as soon as possible.

It was agreed that SDR's should become a major foreign reserve asset and that currencies and gold should play a lesser role in international monetary affairs.

One way for European countries to dispose of surplus dollars would be to directly invest them in U.S. companies' stocks and bonds, it was pointed out.

At the completion of the formal meetings, co-chairmen Davis and Huvelin summed up for the delegates what they said was the object of this latest Versailles gathering.

It was, they said, the common good. END

Over 500 new plants or major expansions in New York State every year.

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Avon Products, Inc., world's largest cosmetics and grooming aids manufacturer, has ended two years of exploring the Northeast for a site for a major manufacturing complex. Avon's choice? The State of New York!

Reynolds Metals Co. is completing a \$3-million plant here. The Glens Falls Cement Division of Flintkote Co. has announced plans for a \$13-million expansion of its portland cement facility here. Choosing this site over 11 other cities in the Northeast, Ralston Purina is constructing a multi-million dollar plant here for the production of pet food. And the world's largest smoking-pipe manufacturer, S. M. Frank & Co., has broken ground for a 200,000 square foot plant on Long Island.

Why New York State? Wayne Hicklin, board chairman of Avon, puts it this way: "We are growing and prospering in New York. We like the business climate and the incentives for growth . . . We like the skilled work force. We like the transportation services. Our employees like the amenities and quality of living here."

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Toward a Brighter Mañana

U.S. executives and representatives of many sectors in Latin America are getting together to focus on fundamental problems



William S. Gaud, executive vice president of the World Bank's International Finance Corp., leads a discussion during a Washington workshop. His companions are Latin Americans.

GENE E. BRADLEY, author of this article, is a former General Electric Co. executive and White House consultant. He now is president of the nonprofit International Management and Development Institute, designed to help develop skilled managers and management institutions around the world. It is associated with the Johns Hopkins School of Advanced International Studies and the Fund for Multinational Management Education.

At a time when U.S. executives fear mounting nationalistic threats to their Latin American business and when Latin American executives fear resurgent U.S. protectionism, many of them are being brought together in a joint development venture—for their own sakes and those of the countries they represent.

The catalyst is a top management program for key executives doing business in and with Latin America, launched by the International Management and Development Institute in cooperation with like-minded or-

ganizations throughout the Americas. The goal is to repair relationships and build new development programs in the Americas through greater private sector involvement.

Cooperating groups include the Council of Americas (linked to over 200 U.S. corporations), management associations, business schools, and commerce and industry associations.

"U.S. business can no longer be isolated from these countries," says John J. Kuhn, president of Singer of Mexico.

"We must consider, in our corporate planning, closer relationships with the other sectors in these countries, such as education, finance, the church and, most definitely, the political. We have to establish a dialogue. A program such as this gives us an opportunity to take a step in that direction."

The IMDI kicked off its program with a two-week workshop late last year on "managing toward 1980." The format was one week of meetings in a relatively secluded atmosphere, and another week of meetings with representatives of Washington international lending agencies and government institutions.

Many walks of life

Throughout, the theme was the management of development, with focus on the social issues facing companies and countries in this hemisphere in the years just ahead.

The 30 participants came from the U.S., Mexico, Central America, Colombia, Venezuela, Ecuador, Peru and Uruguay, and included representatives of business, government, the church, politics, education and the military.

Among the businessmen were executives from both host-national and U.S. corporations (Esso, Gulf, Singer, IBM). They had either to be based in Latin America or responsible for Latin American operations.

Speakers, moderators and "faculty" were selected from universities (Harvard, Columbia, NYU, Georgia Tech and Latin American counterparts); from corporations such as Philco-Ford; and from international finance and government.

IMDI officials feel that failure to give a higher priority to development

in the Americas can permit current smoldering discontent to break into flame, upgrading the problem to crisis proportions.

U.S. home office executives recognize that their Latin American business is not going on as usual, and that an effort to create understanding—within societies and between societies—is necessary to repair a deteriorating situation. New forms of involvement are needed that are compatible with home office and U.S. government policies, and are geared to the urgencies of the host community.

It was clear throughout those initial sessions that multisectorial planning is more vital in the developing countries of Latin America than in Western Europe, the U.S. or Japan, because their limited resources must be stacked up to meet the highest priorities.

While recognizing this, U.S. participants countered that such planning also is emerging as crucial in our developed society. Their example, repeatedly cited, was New York City—supposedly the symbol of advancement.

One lecturer at the opening workshop, Philco-Ford's Leo Beebe, tackled the subject, "working as a team," based upon his 30 different assignments with the Ford Motor Co. in 26 years. His own personal "lessons" included how to face not only victory but defeat (being Ford's last man to leave the Edsel payroll).

Mr. Beebe told the Edsel story to make the point that no amount of management expertise will save a program where there is no need for it.

"I spent two and a half years trying to make that car successful in the marketplace," Mr. Beebe recalled. "I employed all the principles of leadership and management you've been discussing here, and I had all the world-wide resources of the Ford Motor Co. to help me do it. The Edsel program was well organized and well motivated, powerfully resourced and financed. We had character, integrity, good health and drive."

"And the damn thing wouldn't sell. Why?"

"It's no secret; it's elementary. There wasn't any need for the Edsel

at that time. . . . We were in a recession. There were plenty of cars, and who needed another? The public simply said, 'Thanks, but no thanks.'

"Unless you have a need, you are building on a foundation of sand. It's a futile exercise to build a program, to build a team—whether in government, or religion or business—unless you first determine there's a need. The formula is to find the need and fill it."

Fundamental problems

Summing up a situation affecting all enterprises in Latin America—whether public or private, U.S. or host-national—Henry R. Geyelin, executive vice president of the Council of the Americas, said: "Among the fundamental problems faced by Latin Americans in achieving economic integration, expanding trade, and accelerating development are:

- "Lack of entrepreneurial and managerial capital to manage change, development, and a growing international interdependence.
- "The fact that Latin American leaders of various countries do not know each other sufficiently to conduct business among themselves.
- "The fact that Latin American countries do not take full advantage of foreign capital resources, be they public or private."

The greatest gains of a program such as the IMDI's can be expected not from lectures, lessons and devices—as valuable as these may be—but from the opening up of viewpoints, the exchange of fresh ideas, and the fostering of understanding.

In the 1950s and 1960s, a working alliance developed among three major segments of U.S. society: government, industry and education. The pressures of the 1970s may well encourage a similar alliance within this hemisphere.

That this may be possible was proved in the two-week program in which a Catholic bishop, a Peruvian military-government planner, a U.S. oil executive, a Mexican educator, a journalist-lawyer from Uruguay, and 25 others pooled their ideas—in the conference room, on the golf course, at the White House and the World Bank—on "managing toward 1980."

END

Cat's away . . . burglars play

If you're planning to be away on vacation this summer, watch out. Police say that's just the time burglars like to hit a home.

Burglary squad experts say a thief's two worst enemies are time and noise. The more time you make a burglar waste in getting into your home and the more noise he has to make, the more discouraged he gets.

Detectives suggest these protective measures for families leaving their homes for several weeks:

- Don't blab about your vacation to strangers. And keep valuable items out of sight, away from doors and windows where deliverymen and other passersby can see them.
- The day before you leave, hide all portable valuables such as portable TV's, stereo tape decks, stereo tapes, cameras, binoculars and silver. And make a record of where you hide them. One man who hid valuables last summer is still looking for his binoculars.
- Arrange a "buddy system" with your immediate neighbors. They keep an eye on your house while you're away, you keep an eye on theirs when they go away. Leave a key and phone numbers where you can be reached. If possible, a neighbor should help give your place that "lived in" look—grass cut, some daily garbage left out, anything left at the door picked up. Leave your air-conditioner on (set at 80 to 85 degrees). Burglars notice vacant homes by checking to see if the air-conditioner is off when everybody else's is on.
- Get a couple of timers to turn lights on and off. Perhaps your neighbor can change the time settings every other day to further confuse a burglar who may be casing your home.
- Check all doors and windows (don't forget those obscure basement windows and doors). How good are the locks? Locksmiths say the best protection is a simple, bronze deadlock.

MR. WEAVER writes a syndicated newspaper column on personal finance, and has a radio program which is broadcast by more than 100 stations.

Push-button locks where you insert the key in the door handle are of little help, they say. For a door that has windows nearby, you need a double-cylinder lock so it can't be opened by breaking a window and reaching in.

Glass patio doors are vulnerable. You can get a special lock called "Lox-em" which makes them much harder to jimmy open. Every accessible window should have a window lock. They cost from \$3 to \$5 and are easy to install.

Saving on passports

If you want to travel abroad with your family, one way to cut passport fees is to get a "joint passport." You get a group photo (two prints) and everybody goes under the same passport. The father is usually listed as the "bearer." Passports cost \$12 each, so a family of five would save \$48 this way.

There are some drawbacks. The group has to travel together. Although there's no U.S. rule that the "bearer" can't use the passport on his own, other countries sometimes frown on the practice. Also, if there's an emergency back home, and one member wants to return earlier than the rest, you have to get special documents from the nearest American consulate office.

The passport is good for five years and children over 18 can't be included. This means most teen-agers won't get full-term use of a joint passport.

The lure of municipal bonds

If you're in any kind of higher income tax bracket, tax-exempt municipal bonds can be an attractive investment. Tax-exempt municipals are now yielding close to 5.5 per cent. This means if you're in the 36 per cent tax bracket (earning \$24,000 to \$28,000 on a joint return), you would be getting an effective yield of 8.59 per cent. For those in the 50 per cent tax bracket

(\$44,000 to \$52,000, joint return), the yield would be 11 per cent.

While municipal bonds can be attractive, they can also be dangerous. According to a Securities and Exchange Commission fraud specialist, "an increasing number of shady dealers are entering the municipal bond market." These dealers often offer bonds which have extra-high yields but which usually are quite risky and are difficult to sell later on. Reputable dealers will sell you such bonds if you want them, but only after pointing out the risks.

The SEC fraud specialist has this advice for the prospective buyer:

- Buy from a long-standing, reputable securities dealer or your bank.
- Be wary of unusually high interest rates (above 5.5 per cent).
- Don't buy from unknown companies that sell by phone or advertise through mail-order schemes.
- Check on whether you have to pay state and local income taxes. When you buy out-of-state bonds, you may be subject to these taxes.

Injury and damage from lawn mowers

It's that time of year again. The lawn has to be mowed. The Food and Drug Administration's product safety division warns that you should be careful in handling your mower. A study shows that the most common lawn mowing accident occurs when you try to clear grass away from a clogged discharge area while the motor's running.

You should wear sturdy shoes when mowing and you should clear away any sticks, stones, bottle caps and the like before you mow. It's also a good idea to run the mower at the lowest possible speed.

As for the grass itself, professional landscapers say you should make sure your blade is sharp and you shouldn't cut bluegrass and fescue grasses below two inches. Bermuda grass and zoysia can be cut to three quarters of an inch. Cutting any lower can damage a lawn's growth.



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Most airlines buy the same planes, only American has the



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**Chet Huntley for
American Airlines.**

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This Month's Guest Economist

James W. Riley
Senior Economist
Merck & Co., Inc.

The Burke-Hartke Blues

Supporters of the Burke-Hartke bill in Congress see a rosy future for the U.S. economy if it becomes law.

They say that if the foreign operations of U.S. companies are curtailed and imports restricted (major aims of the bill), exports will rise, production in the U.S. will expand and employment will grow.

The main thesis underlying such arguments is that multinational companies directly threaten U.S. employment by manufacturing products abroad or licensing their know-how to foreign firms.

Unfortunately, the Burke-Hartke bill resembles the infamous Smoot-Hawley antitrade legislation of the 1930s, which is blamed by most economists for worsening the economic conditions in the U.S. during the Depression and indirectly causing depressed conditions around the world.

The Burke-Hartke bill also would be a disaster to the American economy. It would weaken incentives to increase productivity and to innovate and would add to the nation's inflation problem.

Probably the most destructive part of the proposed legislation from the standpoint of innovative American companies is the threat to take away incentives to discover new products and processes. Under Burke-Hartke, the President could remove U.S. patent protection from products made or licensed abroad. Thus, the choice for U.S. companies would be to manufacture the products they invent either at home or abroad. They couldn't do both as they do today.

The Burke-Hartke legislation, by effectively preventing overseas use of U.S. patents, would enable producers abroad to profit from discoveries revealed in U.S. patents. If foreign markets were cut off, U.S. research costs would have to be recovered from a

lower volume of sales at home. This would help push prices higher.

The record shows that increased investment overseas raises total employment, both here and abroad. While new foreign investment directly creates jobs abroad, it also increases the number of U.S. jobs by increasing the demand for U.S. materials, equipment, and know-how.

Currently, more than 25 per cent of U.S. exports go to foreign subsidiaries of U.S. firms—exports that wouldn't be possible without overseas investment. Equally important, foreign investment—by increasing employment and incomes abroad—also adds to the demand for a vast array of U.S.-made goods and services; this leads to still more job opportunities in the U.S.

Burke-Hartke would restrict overseas investment by U.S. firms through new taxes and regulations. Existing U.S. tax laws are designed to permit subsidiaries of U.S. firms to compete with foreign companies on a reasonably equal basis. And reciprocal tax treatment is built into foreign treaties, the justification being to encourage international competition for the benefit of consumers everywhere.

Any restriction by tax or regulation on foreign investment eliminates rather than creates jobs. True, investment anywhere, no less in this country than abroad, affects specific jobs—if someone hadn't invested in a plow, people would still be hoeing fields. But the only way we can have a rising standard of living is by encouraging investment that frees people from less productive jobs to accept more productive ones.

Multinational corporations' favorable impact on U.S. employment usually is ignored by critics. Exports from the U.S. by multinational corporations increased 180 per cent between 1960

and 1970, compared with a much smaller increase in all U.S. exports. At the same time, multinationals increased their domestic employment by an estimated 31 per cent—over 2½ times faster than the 12 per cent increase in all U.S. jobs.

Additionally, very few of the goods manufactured abroad by foreign affiliates of U.S. corporations are shipped to the U.S. Only 6 per cent of all foreign affiliate sales in 1957, and only 8 per cent in 1968, became U.S. imports.

Burke-Hartke would also discourage imports by establishing quotas. Under quotas—France introduced the world to this antitrade tool in 1931—only limited quantities of a product may be imported, and these quantities usually are divided among various supplier countries.

Competition among countries for portions of quotas leads to retaliation and loss of export markets. Then, one retaliation leads to another and so on until trade is strangled. Restrictions of this kind encourage the formation of monopolies and cartels, anticompetitive international groups that the U.S. has worked to eliminate.

Those calling for import controls even at the expense of the consuming public do so by claiming to represent the public interest. The nation should be self-sustaining, they say, have production needed for defense, etc. Their goal is really to protect specific companies or industries.

Or it is claimed that foreign goods are "un-American"—produced by low-paid labor, unfriendly nations, or sold at unrealistically low prices. Typically these latter charges are more assertion than fact. But, to the extent that unfair competition truly exists, remedial laws currently on the books should be vigorously enforced.

By protecting inefficient industries, import controls not only force U.S. consumers to pay higher prices, they allow protected industries to become less efficient. This leads to still higher prices, greater distortion in resource allocation, reduced consumer choice, and inevitably to declining employment.

If we are ever going to reach full employment, we will not do it by cutting ourselves off from world markets as proposed by the Burke-Hartke bill, but by competitive trade.

Getting Through the Communications Blizzard

Here is how one executive keeps informed without being snowed under by all the data and ideas that descend on him

Today's executive can be snowed under by a communications blizzard in a never ending stream of letters, reports, memos, market surveys, figures, magazines and newsletters that pile up in deep drifts in his "in" basket.

Few executives would argue that the communications problem today is a lack of information. The problem, instead, is isolating the useful from a mass of data.

It would be tempting to turn a lot of the data off. That might work, up to a point. But one of the great lessons of history is that many powerful leaders went over the brink when they became completely isolated, living in their own world and giving few a chance to enter it.

Yet, you'll see men like that in some large corporations. You know the type of executive I mean. He has his own private parking space, a private elevator and a private dining room. He is buffered by layers of secretaries and junior executives.

Few get near him. He's gently moving further and further away from reality.

One key to success in business today lies in the conscious effort of those in command to maintain strong communications links within their organizations so they can absorb and act upon information.

Strong ties to family, friends and the world at large play a role in staying informed, too.

I have developed some working rules for maintaining contact and fighting through that raft of paper in the "in" basket. They are not exotic or airtight, but flexible, simple guidelines that I call my information-handling check list. Here they are:

Arrive at your office early. The phones are quiet. The routine of large corporations hasn't yet begun. You'll accomplish an amazing amount with an early start.

JOHN M. VOLKHAARDT, author of this article, is president of Best Foods, a division of CPC International, Inc., Englewood Cliffs, N.J.

And every now and then, the 8:15 meeting you call to solve an emergency situation will have your company in high gear by 9 a.m., when your competition is just getting started.

For many top-level executives, early arrival is routine. It has an advantage of setting an example which their staffs will invariably follow. The executive who arrives at his office at 9 a.m. and disappears into a meeting leaves his secretary—and frequently many of his subordinates—wondering what's happening.

Answer your phone and your mail. Forget "executive image." It wastes time. When I call someone, I don't want to go through a routine of my secretary getting through to his secretary until, finally, I get the man I want to talk to.

I make a point of answering my own phones, with my secretary ready to come on the line if notes are necessary. In one call out of 10, I may find myself talking to someone I don't want to talk to. But the virtues of time saved and action taken far outweigh the risks.

Mail should also get your personal attention. Make an effort to read and answer all your important mail before the end of the day. On internal company communications, a penciled notation often does the trick and keeps things moving.

Maintain an open door and an open mind. The isolated, hard-to-reach executive is only partly productive. Discuss their worthwhile ideas with all comers, including visitors from outside the firm.

A supplier's representative, for example, may be at your office essentially to sell you something or discuss a contract. But he can be a first-rate source of information. His job is to get around in your field.

So, keep the door open.

Keeping an open mind is more difficult, but it can be genuinely rewarding. Today's corporate executive can't afford to be limited to his corporate specialty. He has





Learn from all sources

to have more of the Renaissance man about him. Customers have all sorts of interests today, and if you're out of tune, you will miss many of the reasons why customers buy your products or those of your competitors.

I am constantly impressed with the wealth of knowledge and curiosity of foreign industrialists, particularly Europeans. Breadth of curiosity aids an executive both in business and as a human being.

If you veto an idea, explain why. If a member of your staff has taken the time to come to a decision, and you overrule him, take time to give him an explanation.

Nothing is worse than to work a couple of months on some project and have it shot down out of hand. Apart from the morale problem—the project can't help but have some part of the staff member in it—you may be bypassing valuable knowledge.

Discussion may bring about a new and workable approach.

You'd be surprised how few young executives realize, when a pet idea has been reshaped in a new form, that they may have made a major contribution to a company.

As part of handling the information flow, I try to veto as few ideas as possible, and I don't demand reports on everything. We hire extremely competent people, and if I don't hear from them for a while, I assume everything is going all right. I prefer to concentrate on problems rather than on where things are running well.

If a man is coming up with better answers than you would, let him do his thing.

Exception: If there's a major change in an important marketing area, I want to know what it is. I don't like surprises of that sort.

Work properly belongs in an office. Try to use leisure hours to stay abreast of useful, general information not directly related to your job. Spend some time with your children; you will learn an enormous amount about

where they stand and how young consumers react today.

They may seem very unconcerned about material things. But often they take having them for granted and apply their time and energies to less mundane matters.

If you must take work home, don't turn your home into an office. Limit your work to what you can handle in an hour or so, and confine it essentially to reading for informational value.

A change of scene is important. When you're vacationing, try to make the milieu totally different from your normal office environment.

My wife and I have a farm in Nova Scotia. The feeling, the life, the values, the history is totally unlike what I'm used to at our company headquarters.

To illustrate, an annual event in Nova Scotia, which was settled in part by British Empire loyalists who supported the King's cause in the American Revolution, is reenacting a landing by American privateers—who proceed to have the tar beaten out of them by gallant redcoats.

I must admit I was a bit startled the first time I was a spectator. Later, I realized it afforded a valuable insight into the other guy's point of view, the kind of insight that is very helpful when you are dealing with a labor problem or any other situation in which the viewpoints are totally different from yours.

Don't hesitate to get out of your office and travel in the field. And do hesitate to hold meetings.

Discuss local conditions with people on a one-to-one basis wherever possible. I've learned a lot by talking to senior officers of a large food chain at a quiet supper during a Houston convention—and from a talk with an aisle clerk in a supermarket.

A closing word about that American business phenomenon, the meeting.

Meetings are an important part of corporate communications. However, I firmly believe that a large-scale committee-type meeting doesn't accomplish much.

Small-group meetings do, particularly when the people involved are allowed to express themselves and resolve specific questions within their scope of responsibility. You can't expect such a group to solve all the problems of the world.

Meetings should be kept to a minimum. If you hold one, it should have a purpose. If it's to tackle a problem, the problem should be clear-cut beforehand.

In the last analysis, committees don't solve problems.

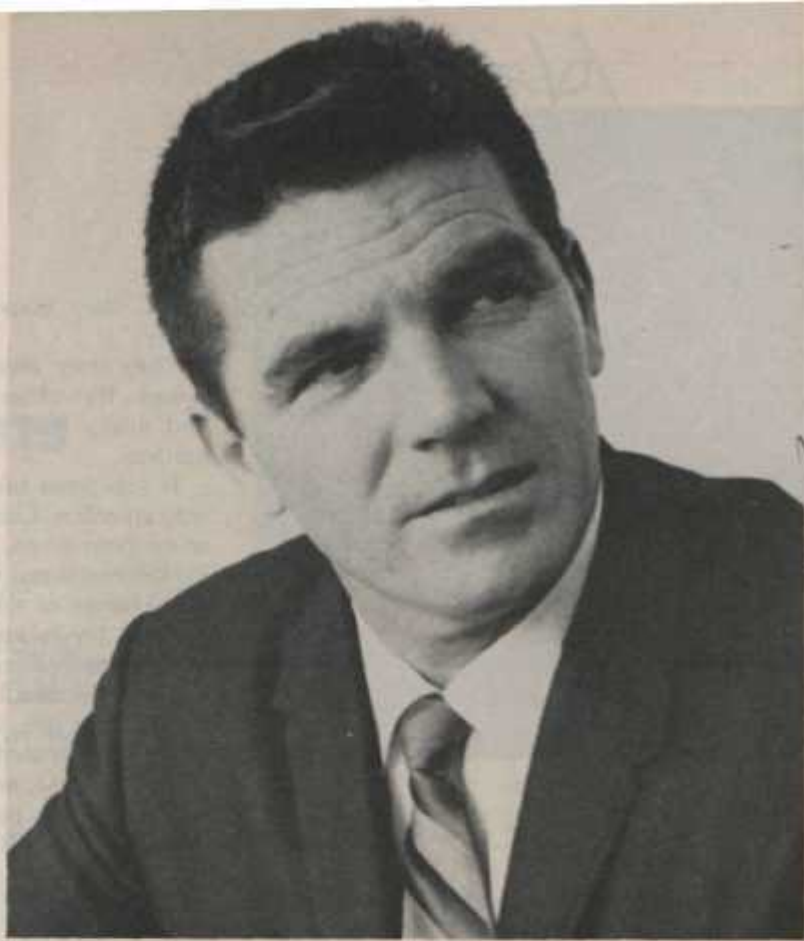
They present and discuss them.

END

REPRINTS of "Getting Through the Communications Blizzard" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

Your Partner in the Hunt for New Products

William M. Magruder, key man in a reappraisal of the government's research and development work, discusses programs aimed at increasing jobs and business opportunities, and at improving the quality of life



The U.S. economy, much of whose growth comes from new products and services, has been getting a lot of seed money from the federal government, and the seed money supply itself is growing.

In the past three years, government investment in nondefense research and development work—done either in government laboratories, universities, or in industry—has risen 65 per cent. The government finances more than half the nation's civilian-sector R&D.

Now, President Nixon has told Congress he hopes to make government and industry better partners "in a strong new effort to marshal science and technology in the work of strengthening our economy and improving the quality of life."

For the coming fiscal year, he has asked a \$1.5 billion increase in the R&D budget, bringing it to \$18.6 billion. Of this, \$5.4 billion would be invested in the civilian sector—up from \$3.3 billion in 1969.

William M. Magruder, 48, the aerospace engineer who headed the supersonic transport development program in the Department of Transportation, was named a special consultant to the President last summer, after Congressional ack-ack sent SST plans down in

flames. He was tabbed for another challenging job—coordinating a massive reappraisal of the nation's research and development effort.

In an interview with NATION'S BUSINESS, the onetime Air Force test pilot discusses the result—the New Technology Opportunities Program.

What is the New Technology Opportunities Program?

That's the umbrella name we've given to a number of new programs that represent increased investments in research and development in the civilian sector of the economy.

In general, these are additional steps on existing programs, plus new beginnings and new approaches to research and development aimed at increasing our ability to deal with a wide range of civilian problems, such as the environment and the energy shortage. If they develop as we anticipate, the result will be creation of new products, markets and jobs. Naturally, the Congress must first approve the programs.

The President requested \$18.6 billion in his budget for R&D in the coming fiscal year—are these new programs included?

Yes, a total of \$890 million of that request is for programs that offer

promise for new technology opportunities. In the civilian R&D budget slice are \$700 million for these new programs and \$40 million for incentives through matching grants. In the Defense Department's request there is \$150 million for new programs that have civilian applications.

What will be the economic impact of this \$890 million?

It's estimated that this investment, as it stimulates the various areas of technology, will result in 65,000 direct jobs. At the end of five years we estimate a total of 650,000 jobs will be created. The \$890 million is a first year figure. This isn't a one shot deal. To sustain this type of growth and create these jobs, we're going to have to invest between \$1 billion and \$1.5 billion annually on these programs.

How does the R&D effort this coming year differ from previous years?

Since 1969 funds for civilian R&D have increased 65 per cent. This year's budget, in addition to the new programs I've mentioned, accelerates the ongoing efforts, and we have added other new programs designed to enlarge the partnership between government and industry through cost sharing.

What prompted this added emphasis on research and development?

By last summer the President and his advisers had become increasingly concerned that we were getting less competitive in the international market, and that we had vast domestic areas of opportunity to which technology could be applied. And there was the feeling that our industrial productivity was not improving fast enough to handle our growth.

This was the situation when the President named you a special consultant last July?

Yes. The President was deeply concerned. He said he wanted program management techniques applied to bring all resources in government and the private sector together. I was assigned to the Domestic Council for this purpose.

Was there activity in this area when you arrived?

Quite a bit, and it picked up. The Domestic Council had completed a study on the subject. It formalized all of the concern in the top levels into one package.

We formed some teams and started looking at the technical problems. Another team was formed to study the antitrust aspects. There was also a team in the Treasury working on the problem of technology transfer.

Along with this, the Domestic Council asked the various Departments and agencies for their ideas on the programs they thought were technically feasible, would help solve domestic problems and improve our competitive position in world markets.

How did you get a public input?

I wrote hundreds of groups, institutions and businesses and asked them for their ideas. We've more than a thousand responses.

What was the fallout from this survey?

We came up with 10 areas where the need was most immediate and where technology could be best applied at this time: Health care, education and communications, law enforcement, conservation of natural resources, protection from natural disasters, urban development, environmental control, transportation,

aviation and industrial productivity.

Within those 10 areas are many programs worthy of attention. To scrub them down we formed 10 teams of government people and added 126 advisers from outside government, experts who represented all the disciplines. Efforts of all those people are reflected in the new budget request.

Will your office manage these programs falling in the category of New Technology Opportunities?

These programs are treated like the other R&D programs, which means that the Departments and agencies have the job of seeing them through Congress and managing them once they are authorized and the money appropriated.

As far as my office is concerned, I'm going to maintain liaison with the program managers in each Department and agency and with the Office of Management and Budget to keep current on progress. But as far as managing these programs—No. My office consists of myself and a secretary.

Could you give us an example of some of the new programs?

One that comes immediately to mind is a program that could save 30,000 lives annually. The Department of Health, Education and Welfare is going to set up demonstrations of emergency health care in five special centers. These will be manned by highly trained personnel, who will have special aids such as helicopters and the latest communications and medical equipment.

Another project involves environmental controls. We're going to instrument two major cities for weather and emission detection. This information will be fed into a computer. Officials in those areas will be able to predict with confidence when emissions will become critical and to plan for future industrial development.

An important part of this project will be examination of the 38 known kinds of pollution in the atmosphere, singly and in combination with respect to their impact on health. So when we write pollution laws in the future, they'll be based on very firm scientific knowledge.

One of the 10 fields of interest is indus-

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trial productivity. Could you tell us what will be happening here?

We've included an additional \$40 million for the Bureau of Standards and the National Science Foundation in yet-to-be-defined areas of research on how to stimulate innovation, productivity and technology transfer.

What's the new thrust in solving the energy crisis?

In the area of clean energy resources we're requesting \$392 million, an increase of 22 per cent. High among the programs is the fast breeder reactor for the nuclear plants of the future.

We'll also be looking at ways to apply laser technology to fusion power, and at a magneto-hydrodynamic power program—an absolutely clean system that will generate power by passing a conducting gas through an electrical field.

We're doing research on cryogenic power transmission and generation so we can transmit direct current power with almost no losses. We're going to be looking at solar power.

Also we're going to do R&D on producing gas from low-B.T.U. coal. We have a 400-year supply of coal but we don't use as much of it as we'd like to because it produces too much sulphur dioxide, a prime air pollutant, when it is burned. By using catalytic filters, we're confident we can economically produce absolutely clean gas and cut down our growing need to import oil and gas to meet future demands.

What other programs involving natural resources are being accelerated?

We are going to be doing a major exploration of the continental shelf of the northeast part of the U.S. and Alaska. This will provide information needed by private industry to explore for and mine the resources in those areas with full knowledge of how to minimize environmental impact.

Today we import \$6 billion more in raw materials than we export. By the end of 1990 that's predicted to be up to around \$45-60 billion, so you can understand our interest in this.

What is on the horizon in other areas?

Take aviation. As I mentioned, there is \$150 million in the Defense

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Hunt for New Products *continued*

Department budget for new beginnings that have civilian applications.

One is a program to develop a short takeoff and landing transport for the Air Force. The National Aeronautics and Space Administration, which also has an STOL program, is concentrating on developing a research vehicle with an advanced technology airframe, using an existing engine. The Air Force will develop a new engine and use existing technology for the airframe.

These programs will complement each other.

Looking at some other areas, transportation R&D is being increased 46 per cent. These programs not only involve new transportation systems—such as high-speed 300 m.p.h. trains and ground effect vehicles—but we're going to be working also on new tunneling techniques which could reduce construction costs by one third.

In the housing area we are working on an integrated modular utility system, a research effort aimed at combining water, sewerage and power systems to lower costs in new communities.

Another big item is research on damage limitation of natural disasters, such as floods and earthquakes. One facet being investigated is the possibility of lubricating earthquake faults with water to reduce friction.

Still another exciting area is electronic mail transmission. Strictly a hands-off system, it's a program to develop a means of coast to coast mail delivery in less than an hour for priority service.

Of course there are many more programs; those are just some examples.

Do you see the review process conducted last year as an annual chore?

I would say that it's desirable. We learned a lot about efficient procedures during the first one and there's no doubt of the need to pull everything together for a critical review at the highest policy level.

It's a way to get a full interlock between domestic economic policy and international economic policy, and between government and industry, which have to mesh to meet the technological challenges from other countries and at the same time try to solve our domestic challenges. **END**

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BUSINESS A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

AGRICULTURE

Net income for farmers is expected to total \$17.5 billion this year, the highest in history, and it could go higher if more export opportunities materialize.

Despite the lengthy longshoremen's strikes in 1971, agricultural exports climbed to \$7.7 billion, a record. Agriculture Secretary Earl L. Butz says losses to American farmers will be in the hundreds of millions of dollars because of reduced 1971 sales and lower sales later as buyers, worried about delivery, rely on other supply sources.

Agricultural export trade in 1971 provided

a net contribution of almost \$1.9 billion to the balance of payments. In hopes of an even better showing in the future, the Agriculture Department is asking Congress for \$900,000 for foreign market research.

Secretary Butz points out the magnitude of exports with these statistics: The crop of one of every four harvested acres is exported—for example, more than half the production of soybeans, rice and dried peas; about two fifths of the wheat, cotton, cattle hides and tallow; a third of the tobacco and a tenth of the feed grains.

CONSTRUCTION

A major reassessment of federally subsidized public housing is shaping up. This is the program that's supposed to make it possible for low income families to rent or buy homes.

Commented Secretary of Housing and Urban Development George Romney, at the recent National Housing Conference:

"This program was so poorly conceived and so incautiously developed that we esti-

mate the federal government will, in the next few years, have more than 240,000 units in default . . . and with little resale value except at catastrophic levels."

He's asked public and private leaders in five metropolitan areas to start developing new approaches to the complex housing problem. The areas are Boston, Detroit, Philadelphia, St. Louis and Wilmington, Del.

FINANCE

Federal debt managers are eyeing changes that promise to make the Treasury a more efficient borrower and to lessen turmoil in the money market.

Outside financial experts tell Treasury officials that more regularized borrowing would reduce market disturbances caused by large, intermittent fund-seeking operations.

Some of the needed stability would come, Treasury officials say, if Congress approves establishment of the Federal Financing Bank,

which they say would also cut the cost of debt management.

This proposed agency would consolidate the financing requirements of a number of federal programs, which are now financed by separate forays into the money market.

Advantages of regularity, advisers say, are that buyers will be assured of the availability of securities of a given type, and that constraints on the Federal Reserve system will be reduced.

FOREIGN TRADE

World prices of milk products are not expected to maintain their current high levels, though international experts don't believe they will return to the low points of the late '60s.

The Food and Agricultural Organization of the United Nations says a "reversal of the international dairy situation from heavy over-supplies to acute shortages within hardly more than a year" has forced some major changes in policy.

The European Economic Community and

Switzerland have now abandoned extensive herd culling programs started in the late '60s. Milk production there was down in 1969 and '70, and leveled off in 1971. But domestic consumption soared when the European economy turned up. Surplus stocks were just about exhausted by the end of the 1970-71 dairying season.

In the U.S., a trend toward a reduction in the size of the herd has slowed and dairy farmers expanded milk production by 1 per cent in 1971.

LABOR

Look for more public disclosure by the National Labor Relations Board—a move which should make life a little easier for company industrial relations directors, who must try to follow NLRB thinking.

Peter G. Nash, the NLRB's general counsel, says his office will now conduct business "with the fullest disclosure of why, when and how the general counsel operates."

Mr. Nash signaled the new approach in

March by taking an unprecedented step: He released to the public a memorandum to field offices analyzing the Board's ruling in the Collyer Insulated Wire case.

This was the decision to defer action on unfair labor practices proceedings where negotiated arbitration machinery already exists.

The memorandum instructs NLRB regional offices on how to proceed in similar cases.

MANUFACTURING

The beer industry, thanks to an increasing national thirst, expects to grow more rapidly in the years ahead and may call upon a faster beer to meet the demand.

Use of faster brewing cycles would in effect expand existing plant capacity without requiring major capital expenditures.

Analysts from Burnham & Co., Inc., the international investment banking firm, say this should bolster a trend in which national brewers are becoming larger and regional

and local brewing is declining. In the '60s, the three top firms expanded their market share from 21 per cent to 39 per cent. At the same time the number of breweries declined from 229 to 154.

Up to 1967, annual growth for the industry was less than 3 per cent. Since then it's been more than 4 per cent.

Key factor is a rapidly expanding 20-44-year age group, which consumes 70 per cent of the beer sold.

MARKETING

The reinforced plastics industry, which experienced a strong rebound last year, is confident that sales volume will double in the next five years.

Shipments were approximately 978 million pounds in 1971, a 23 per cent gain, says the Society of the Plastics Industry, Inc. This

year the total is expected to be close to 1.2 billion pounds and industry experts see the two-billion-pound mark being crossed by 1976.

Largest user is the boating industry, followed by transportation. Construction is the third largest market.

NATURAL RESOURCES

More extensive recycling of solid waste materials is possible, says the National Association of Secondary Material Industries, if certain impediments are removed.

An Association study for the Environmental Protection Agency recommends changes in tax policies to give recycled materials depletion allowance and capital gains treatment

as favorable as that given virgin materials.

Also, the Association asks for a review of freight rates which it says place recycled materials in an unfavorable competitive position vis-a-vis primary materials. And it urges expanded research into use of lower-grade solid wastes, and an end to what it calls discriminatory government purchasing policies.

TRANSPORTATION

Jet airliners may someday cruise 20 per cent faster on the same amount of power. The reason: A technology breakthrough that could reinvigorate the SST-less U.S. aerospace industry.

Promise of this bonus in speed comes from a "supercritical wing" designed by National Aeronautical and Space Administration scientists.

A prototype of the wing has been installed on a Navy F-8 jet and test flown successfully during the past year. It is basically a new airfoil shape that permits aircraft to fly at increased speeds before encountering a significant rise in aerodynamic drag.

In theory, jet airliners that today cruise at about 550 m.p.h. will be able to fly much closer to the sonic barrier, gaining over 100 m.p.h., without having to use more powerful engines. This would shave two hours off an eight-hour flight.

The new wing is flatter on top than are conventional wings, and has a curved trailing edge. As a further bonus, engineers have found that the wing can be thicker, allowing more fuel to be carried and increasing range.

The man behind the design is Dr. Richard T. Whitcomb, the NASA scientist who discovered the "Coke bottle shape" design that made supersonic flight practical in the '50s.

Editorial

Loopholes and Ratholes

Once again, politicians are making noises about closing so-called loopholes in the tax laws.

The object is to get more money from middle income taxpayers—and from business, of course.

The drive is prompted by ever rising government spending.

Maybe instead of looking at "loopholes," they should look at the ratholes through which so much of our taxes disappear.



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